

1267. By Mr. KRAMER: Senate Joint Resolutions Nos. 29 and 30; to the Committee on Roads.

1268. By Mr. MEAD: Petition of Erie County American Legion, giving the President power of universal draft in time of war; to the Committee on Foreign Affairs.

1269. By Mr. RUDD: Petition of National War Veterans Association, Inc., Jamaica, N.Y., favoring the payment of the veterans' adjusted-service certificates, etc.; to the Committee on World War Veterans' Legislation.

1270. By Mr. SWEENEY: Petition of the Social Welfare Committee of Federated Churches of Cleveland, Ohio, re-recorded conviction in mass meeting on May 14, 1933, that the reported persecution of the Jews in Germany, the symbolic destruction of their culture, and the threatened subordination of religion to the ends of the Nazi regime concerns all men of brotherly ideals; to the Committee on Foreign Affairs.

1271. Also, petition of the citizens of Cleveland, Ohio, in mass meeting assembled on May 14, 1933, without regard to race or religion, condemning the conduct of the Hitler government in Germany and solemnly protesting against the economic and political strangulation of German Jewry, appealing to the enlightened opinion of mankind to join in denouncing these acts as a betrayal of civilization and an infamous blow at the highest ideals of humanity; to the Committee on Foreign Affairs.

1272. By Mr. WELCH: Petition of the employees in the service of railroad and express companies of the State of California, opposing Senate bill 1580 and House bill 5500; to the Committee on Interstate and Foreign Commerce.

SENATE

SATURDAY, JUNE 3, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bachman	Fess	Logan	Reed
Borah	Fletcher	McCarran	Robinson, Ark.
Brown	Johnson	McGill	Thompson
Erickson	Keyes	Patterson	Vandenberg

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from New York [Mr. COPELAND], the Senator from Nevada [Mr. PITTMAN], and the Senator from Maryland [Mr. TYDINGS] are absent on official business.

Mr. FESS. I desire to announce that the Senator from South Dakota [Mr. NORBECK] is unavoidably detained from the Senate.

The VICE PRESIDENT. Sixteen Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. GOLDSBOROUGH, Mr. ROBINSON of Indiana, and Mr. TOWNSEND answered to their names when called.

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on official business in connection with the London Economic Conference. I ask that this announcement may stand for the day.

Mr. BYRNES, Mr. CUTTING, Mr. CLARK, Mrs. CARAWAY, Mr. FRAZIER, Mr. KENDRICK, Mr. POPE, Mr. HAYDEN, Mr. CAPPER, Mr. SHEPPARD, Mr. CONNALLY, Mr. COOLIDGE, Mr. TRAMMELL, and Mr. McNARY entered the Chamber and answered to their names.

Mr. SHEPPARD. I wish to announce that the following Senators are absent on account of imperative matters in the Committee on Military Affairs:

The Senator from Alabama [Mr. BLACK], the Senator from Wyoming [Mr. CAREY], the Senator from Iowa [Mr. DICKINSON], and the Senator from New Jersey [Mr. BARBOUR].

Mr. KENDRICK. I desire to announce that the Senator from Colorado [Mr. COSTIGAN] is necessarily detained from the Senate by illness.

I also wish to announce that the following Senators are detained from the Senate in attendance upon a meeting of the Committee on Finance: Mr. HARRISON, Mr. BAILEY, and Mr. LONERGAN.

I also desire to announce that the following Senators are absent attending a meeting of the Committee on Banking and Currency: Mr. BANKHEAD, Mr. BULKLEY, Mr. GLASS, and Mr. REYNOLDS.

I wish further to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Illinois [Mr. DIETERICH], the Senator from Louisiana [Mr. OVERTON], and the Senator from Georgia [Mr. RUSSELL] are necessarily detained from the Senate on official business.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from South Carolina [Mr. SMITH] is necessarily detained from the Senate attending a conference on cotton in the Department of Agriculture.

I wish also to announce that the following Senators are detained on account of departmental matters: Mr. DILL, Mr. LEWIS, Mr. LONG, Mr. STEPHENS, Mr. THOMAS of Oklahoma, and Mr. WHEELER.

The VICE PRESIDENT. Thirty-three Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

Mr. HEBERT, Mr. ADAMS, Mr. THOMAS of Utah, Mr. BRATTON, Mr. MCKELLAR, Mr. DICKINSON, Mr. NORRIS, Mr. McADOO, Mr. LA FOLLETTE, Mr. HARRISON, Mr. WAGNER, Mr. VAN NUYS, Mr. KING, Mr. WALSH, Mr. BYRD, Mr. GEORGE, Mr. GORE, Mr. METCALF, Mr. KEAN, Mr. HATFIELD, Mr. BULOW, Mr. DUFFY, Mr. BARBOUR, Mr. CAREY, Mr. BLACK, Mr. BARKLEY, Mr. MURPHY, and Mr. NEELY entered the Chamber and answered to their names.

Mr. HEBERT. I wish to announce that the Senator from Vermont [Mr. AUSTIN], the Senator from Maine [Mr. HALE], and the Senator from Delaware [Mr. HASTINGS] have been called from the city.

I wish further to announce that the Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness.

I also desire to announce that the Senator from Vermont [Mr. DALE], the Senator from Minnesota [Mr. SCHALL], the Senator from Oregon [Mr. STEIWER], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], and the Senator from Minnesota [Mr. SHIPSTEAD] are detained from the Senate on official business.

The VICE PRESIDENT. Sixty-one Senators have answered to their names. A quorum is present.

MEMBER OF NATIONAL FOREST RESERVATION COMMISSION

The VICE PRESIDENT. The Chair announces the reappointment of the Senator from New Hampshire [Mr. KEYES] as a member of the National Forest Reservation Commission, his term having expired.

CLAIM OF THE WESTERN UNION TELEGRAPH CO.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Western Union Telegraph Co. against the United States, which, with the accompanying report, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Commerce:

House Concurrent Resolution 16

Whereas the United States Government has heretofore allocated and expended the necessary moneys to procure an economic survey to determine the feasibility of construction by dredging and with

locks and dams an inland waterway on the Chattahoochee River in Georgia at least as far north as Columbus, Ga. (and, if deemed practical, to Atlanta, Ga.); also on the Apalachicola River connecting with channel into St. Andrews Bay, and on west to Choctawhatchee Bay in Florida for a channel 9 feet in depth with 100 feet bottom width, for use of self-propelled barges, and to complete the project as far as it is not already provided for from New Orleans, La., to Columbus, Ga., or beyond to Atlanta, said inland waterway being already provided for and nearing completion from New Orleans to Pensacola, Fla.; and

Whereas a very reliable economic survey was made for the Waterway Committee of Columbus, Ga., by former Chief of United States Army Engineers William M. Black and his associates, Charles A. McKenney and John Stewart, and a very complete and exhaustive report made by them and delivered to United States Army Board of Engineers, showing in detail that the contemplated improvement to canalize the Chattahoochee and Apalachicola River system would result in a net saving of the sum of \$647,371.73 per annum; and

Whereas said report was made about May 1, 1929, at which time small trees in that section were considered practically worthless and given little consideration, as the paper-making industry had not yet started in that locality, but is now being carried on on St. Andrews Bay at Bay Harbor, Fla., and using 180,000 cords of paper wood a year, one third of which is brought through canal from Apalachicola River into St. Andrews Bay on barges; and

Whereas on May 2, 1933, a hearing was had at Columbus, Ga., before the United States Army Board of Engineers on this river project and much data presented to further increase and add to the amount of annual net saving shown in the very valuable report of Black, McKenney & Stewart, and to the extent to show an annual net benefit exceeding a million dollars; and

Whereas it is shown in the report mentioned and at said hearing that the construction and use of this waterway would give a vast amount of employment and increasing and permanent benefits, including among other things, millions of dollars to be paid to many farmers and landowners for wood, for employment cutting it, for hauling it to barges, for barging it down to tide-water where it can be profitably used by reason of ocean rates for shipment to its destination, after being manufactured into paper or paper products, at or near Panama City, Fla.; and

Whereas it is conservatively estimated that on 6,000,000 acres of land in easy trucking distance of river there is an average of 3 cords, or 18,000,000 cords, weighing 50,000,000 tons, and sufficient for operation of a paper mill such as the Southern Kraft Paper Mill at Bay Harbor, now using 180,000 cords a year, for 100 years. Furthermore the annual growth of the small pine on account of reforestation would be at least 450,000 cords, or 1,260,000 tons; and

Whereas it is believed that this project should soon be reported to the public works committee now arranging the public-works program for President Roosevelt, and that this system of waterways is one of the most worthy projects in the United States: Now, therefore, be it

Resolved by the House of Representatives of the State of Florida (the senate concurring). That the public works committee of President Roosevelt, the Federal Bureau of Public Works, our Senators and Congressmen in Washington, and President Roosevelt are hereby urged and requested to use every effort at their command to allocate funds to and for the immediate construction of canal suitable for the operation of self-propelled barges for the completion of the inland waterway from New Orleans, La., to Columbus, Ga., or beyond to Atlanta, as the case may be; be it further

Resolved. That a copy of this resolution be forwarded by the secretary of the State of Florida under the great seal of the State of Florida in due form to the Congress of the United States and the several Members thereof from Florida, and to President Roosevelt.

Approved by the Governor of Florida, May 27, 1933.

STATE OF FLORIDA.

Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of House Concurrent Resolution No. 16 as passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this the 1st day of June A.D. 1933.

[SEAL]

R. A. GRAY,
Secretary of State.

The VICE PRESIDENT also laid before the Senate a resolution adopted by citizens of Czechoslovak descent, assembled in Pilsen Park, Chicago, Ill., favoring the prompt passage of legislation known as the "unemployed and insurance bill", which was referred to the Committee on Education and Labor.

He also laid before the Senate a telegram from the North End Federated Clubs of Seattle, Wash., by Mrs. Ethel Verner, secretary, favoring the adoption by Congress of a proposed income-tax measure and the defeat of the manufacturers' sales tax proposal, which was referred to the Committee on Finance.

He also laid before the Senate a telegram from the convention of the Association of Manufacturers of Wood Work-

ing Machinery, Chicago, Ill., protesting against the labor clause in Senate bill 1712, the so-called "industrial control and public works bill", and stating that such clause "will result in strikes and lockouts and retard rather than promote reemployment of labor", etc., which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the League of War Veteran Guardsmen, national headquarters, East Lynn, Mass., favoring direct credits for everybody, and stating in part that "the people of the great common and middle classes all turn your eyes and lend your help to the coming 'new emancipator' in the Direct Credits Society, 606 Woodward Avenue, Detroit, Mich.", etc., which was referred to the Committee on Finance.

He also laid before the Senate a resolution of the Committee on Internal Trade of the Chamber of Commerce of the State of New York, recommending that certain language in the so-called "industrial control bill" in reference to "collective bargaining" be stricken out and the bill amended by inserting other language, because of present ambiguity and unforeseen potentialities, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Chamber of Commerce of the State of New York, commending action by the Government to provide special taxation to take care of the interest and sinking fund on bonds issued for expenditures authorized by the national industrial recovery bill, and stating "that the chamber of commerce opposes the application of normal income-tax rates to incomes from corporation dividends for the above purpose, but recommends that the additional revenue necessary to meet the expenditures be raised by the enactment of a sales tax", which were referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Thirteenth Annual Convention of the American Association for the Recognition of the Irish Republic, New York City, N.Y., condemning alleged economic warfare against the Irish people by Great Britain "as inhuman, un-Christian, and repulsive to the American spirit of liberty and fair play", and requesting the Government of the United States, if necessary, to assist the people of Ireland in defending themselves against such treatment by preferential trade relations and tariffs, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter in the nature of a memorial from Ernest J. Lessing, of New Orleans, La., endorsing Hon. Huey P. Long, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation relative to his alleged acts and conduct, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by citizens of Czechoslovak descent, assembled in Pilsen Park, Chicago, Ill., favoring the passage of legislation providing for a 6-hour day and 5-day working week, without lowering the weekly wages, and opposing the employment of children under 16 years of age in industry or women in night work, which was ordered to lie on the table.

Mr. KEYES presented resolutions adopted by the directors of the Railway Employees' and Citizens' Association of New Hampshire, of Concord, N.H., opposing the making of further appropriation for the construction, etc., of the Great Lakes-St. Lawrence deep waterway, which were ordered to lie on the table.

Mr. FLETCHER presented the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Commerce:

(Senate committee substitute for House Concurrent Resolution 11)
Joint memorial of the Senate and House of Representatives of the State of Florida to the President of the United States requesting the assistance and cooperation of every available Federal agency in order to make possible, at an early date, commencement of construction work on a ship canal across the peninsula of the State of Florida

Whereas the construction of a ship canal across the State of Florida will give employment to a vast amount of human labor, thus greatly relieving the distress due to the unemployment crisis, at the same time creating a valuable commercial and military

asset which will in the course of time repay its own cost through the collection of reasonable tolls from ships using the canal; and

Whereas the Constitution of the State of Florida contemplates with favor the construction of such a canal across the State and makes provision for and authorizes special legislation in order to facilitate such construction, and the legislature of the State has now created a public corporation known as the "Florida Ship Canal Authority" and has granted to said corporation a franchise with full power and authority to construct said canal; and

Whereas such a canal will cut off approximately 500 miles of distance by the water route between New Orleans and the Gulf ports, on the one hand, and New York and Liverpool, on the other, will eliminate the danger to shipping incident to passage through the Florida Straits, will bring about tremendous savings by reason of the resultant reduction in time, insurance, and other transportation costs, and will constitute a valuable asset to our national defense; and

Whereas such a canal will largely solve the distribution problems of the Mississippi Valley and of the southeast section of the United States, will greatly aid the agricultural and industrial activities in said section by furnishing them perpetual and cheap transportation to the Atlantic seaboard where the best markets are located, will enhance the value of the farm lands through the producing of means for delivering their produce to market, and will offer material advantages and benefits to fully one half of the producing area of the United States; and

Whereas said ship canal, while rendering this valuable service to labor, industry, agriculture, and ocean shipping, will at the same time, and without additional cost, provide a connection between the Atlantic coastal waterway and the Gulf coastal waterway for barges and small craft plying between Boston, Mass., and Gulf of Mexico ports; and

Whereas the Corps of Engineers of the Army of the United States, pursuant to authorization of Congress, is now completing an exhaustive physical survey of various possible routes for such a canal and of the costs of the construction thereof; and

Whereas an application is now pending with the Reconstruction Finance Corporation of the United States for a loan of sufficient funds with which to construct said canal, such loan to be self-liquidating in character: Now, therefore, be it

Resolved by the Senate of the State of Florida (the house of representatives concurring), That the President of the United States be, and he is hereby, respectfully urged to approve of said construction project as an effective measure in relieving unemployment and stimulating industry, and that he be, and he is hereby, further requested to procure the assistance and cooperation of every appropriate and available Federal agency in order that construction work upon said project may be commenced at the earliest possible date; be it further

Resolved, That the secretary of state be directed to furnish a certified copy of this memorial to the President of the United States, to each of our Senators and Representatives in Congress, to the Reconstruction Finance Corporation of the United States, and to the Associated Press.

Approved by the Governor of Florida May 27, 1933.

STATE OF FLORIDA,

Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of senate committee substitute for House Concurrent Resolution No. 11, as passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this 30th day of May A.D. 1933.
[SEAL]

R. A. GRAY,
Secretary of State.

REMONETIZATION OF SILVER

Mr. WHEELER presented a letter from Harry G. Beatty, Esq., of Buffalo, Wyo., with an enclosed resolution or petition praying for the passage of legislation for the remonetization of silver, which, with the accompanying petition, was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD without the signatures of the petitioners, as follows:

BUFFALO, WYO., May 29, 1933.

HON. BURTON K. WHEELER,

United States Senate, Washington, D.C.

MY DEAR SENATOR: Enclosed herewith please find a copy of a petition signed by 179 citizens of Johnson County, Wyo., praying that permanent legislation be enacted for the remonetization of silver, the original of which has been forwarded to Senator KENDRICK.

Senator, the people of these United States are behind you in this movement 100 percent—those opposed, of course, are a few bankers. Keep up the good work. If it is not already too late to save the great mass of our people, Congress should do first and above all two things: Remonetize silver; pay the soldiers' bonus immediately in full with new money.

Trusting your administration will fulfill its promises and continue its efforts to save the common people, with all good wishes, I am

Yours truly,

HARRY G. BEATTY.

Resolution

Whereas there is a world-wide depression causing suffering to millions of people throughout the world, and particularly in the United States; and

Whereas this depression is a money panic caused by the breakdown of the monetary systems of the world and demonstrating the need of sufficient money to properly transact the world's business and thus proving beyond doubt the utter failure of the single gold standard; and

Whereas such conditions have caused the fall of commodity prices, the increase of unemployment, and the limitation of earning power of the great mass of our people; and

Whereas the common people of these United States demand a sound and adequate money based upon and secured by both gold and silver, which has in the past for more than a thousand years served the world as a satisfactory medium of exchange; and

Whereas the people of the United States are extremely tired of experimentations when a sound, sane, tried, and proven monetary system is available and can be quickly reestablished by again making silver a money; and

Whereas the only feasible plan offered the people of the world to date to assist in bringing back normal times and prosperity is the remonetization of silver: Now, therefore, be it

Resolved, That we, the undersigned citizens and residents of Johnson County, Wyo., do hereby respectfully urge and demand the immediate passage by Congress of what is commonly known as the "Wheeler bill", Senate bill No. 70, for the remonetization of silver, regardless of what action, if any, the Economic Conference may later take at the meeting in June 1933; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States; the Honorable JOHN B. KENDRICK and the Honorable ROBERT D. CAREY, Senators; and the Honorable VINCENT CARTER, Representative from the State of Wyoming; and the Honorable BURTON K. WHEELER, Senator from the State of Montana.

REPORTS OF COMMITTEES

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 1561) providing for payment of \$100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States, reported it with amendments and submitted a report (No. 106) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 1126) for the relief of M. M. Twichel, reported it with amendments and submitted a report (No. 107) thereon.

Mr. WHEELER also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 512. An act for the relief of Peter Pierre (Rept. No. 109); and

S. 723. An act to amend the act of March 13, 1924 (43 Stat.L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder (Rept. No. 108).

Mr. BRATTON, from the Committee on Indian Affairs, to which was referred the bill (S. 690) for the relief of Charles L. Graves, reported it without amendment and submitted a report (No. 110) thereon.

Mr. ASHURST, from the Committee on Indian Affairs, to which was referred the bill (S. 1807) to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz., reported it without amendment and submitted a report (No. 112) thereon.

Mr. KENDRICK, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 5239) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes, reported it without amendment and submitted a report (No. 111) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, submitted the views of the minority to accompany the bill (S. 1403) to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, heretofore reported from that committee without amendment, which were ordered to be printed as part 2 of Report No. 102.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NYE:

A bill (S. 1822) for the relief of Harold Sorenson; to the Committee on Claims.

By Mr. ERICKSON:

A bill (S. 1823) for the relief of Leola Snyder (with accompanying papers); to the Committee on Claims.

A bill (S. 1824) for the relief of William F. Brockschmidt (with accompanying papers); and

A bill (S. 1825) authorizing the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress; to the Committee on Public Lands and Surveys.

By Mr. WHEELER:

A bill (S. 1826) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; and

A bill (S. 1827) for expenditure of funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. ASHURST:

A bill (S. 1828) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WALCOTT:

A bill (S. 1829) for the relief of the Reading Iron Co.; to the Committee on Claims.

By Mr. BYRD:

A bill (S. 1830) to authorize the grant of a right of way to the York River Bridge Corporation over certain Government lands within the Colonial National Monument, Va.; to the Committee on Public Lands and Surveys.

By Mr. SCHALL:

A bill (S. 1831) to repeal the Economy Act approved March 20, 1933, and for other purposes; to the Committee on Finance.

AMENDMENT TO GOLD STANDARD JOINT RESOLUTION

Mr. TRAMMELL submitted an amendment intended to be proposed by him to the joint resolution (H.J.Res. 192) to assure uniform value to the coins and currencies of the United States, which was ordered to lie on the table and to be printed.

CHANGE OF REFERENCE

On motion of Mr. FLETCHER, the Committee on Agriculture and Forestry was discharged from the further consideration of the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, and the bill was referred to the Committee on Banking and Currency.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc., and it was signed by the Vice President.

PROPOSED RECOGNITION OF RUSSIA

Mr. ROBINSON of Indiana. Mr. President, on the 18th of April of this year at the Washington Auditorium, in this city, a mass meeting was held, under the auspices of the American Legion, opposing recognition of Russia by the United States of America. A number of organizations participated in the meeting, and it has been suggested that the names of those organizations be printed in the RECORD. I have a list of them here, and ask unanimous consent that that be done.

The PRESIDING OFFICER. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

PARTICIPATING ORGANIZATIONS

Allied Patriotic Societies, Inc.; American Alliance of the United States, Inc.; American Christian Defenders; American Coalition of Patriotic Societies; American Defense Society, Inc.; American Federation of Labor; American Legion, National; American Legion Auxiliary, National; American Security League, Inc.; American Vigilant Intelligence Federation; American War Mothers; American Women's Legion; Anglo-Saxon Federation of America; Associated Industries of Alabama; Better America Federation of California; Catholic Daughters of America, National Society; Chamber of Commerce of the State of New York; Colonial Descendants of America, National Society; Dames of the Loyal Legion of the United States, National Organization; Daughters of America, National Council; Daughters of the American Revolution, State chapters of California, Michigan, Iowa, Wisconsin, Tennessee, Washington, Idaho, Utah, Nebraska, Mississippi, Indiana, South Dakota, Maryland, District of Columbia; Daughters of the Defenders of the Republic; Daughters of the Revolution, National Society; Daughters of the Union, 1861-65, National Society; Daughters of the United States Constitution, National Society; Daughters of Union Veterans of the Civil War, National Society; DeMolay, Order of, National Order; Disabled American Veterans of the World War; Disabled Emergency Officers of the World War; Fraternal Patriotic Americans; General Society of Mayflower Descendants; Independent Order of Odd Fellows, Sovereign Grand Lodge; Junior Order United American Mechanics; Ladies of the Grand Army of the Republic, National Society; Lions International; Military Order of the Loyal Legion; Merchant Tailors Society of New York; Military Order of Foreign Wars of the United States, National Commandery; Military Order of the World War, National Society; Minute Men of America, Inc., National Society; National Civic Federation; National Council of Catholic Men; National Council of Catholic Women; National Patriotic Association; National Patriotic Council; National Rural Letter Carriers Association; National Patriotic League; National Security League, Inc.; National Society of New England Women; National Sojourners of the United States; National Woman's Relief Corps, Grand Army of the Republic; Naval and Military Order of the Spanish-American War, National Commandery; Ohio Pocket Testament League; Order of Fraternal Americans, National Society; Order of Independent Americans, Inc.; Order of Founders and Patriots of America, General Court; Patriotic Builders of America, National Society; Patriotic Order of Americans, National Camp; Patriotic Order Sons of America, Pennsylvania Camp; Patriotic Women of America, National Society; Paul Revere, The; Reserve Officers' Association of the United States, New York; Reserve Officers' Training Corps Association of the United States; Society of Colonial Wars, District of Columbia, State of New York; Sons of the American Revolution, National Society; Society of the Founders and Patriots of America; United States Daughters of 1812, National Society; United States Naval Reserve Officers' Association, Third District; Veterans of Foreign Wars, National Americanization Committee; Sons and Daughters of Liberty, National Council; Sons and Daughters of the Pilgrims, National Society; Sons of Union Veterans of the Civil War; United Daughters of the Confederacy, New York Chapter; Vigilante Intelligence of Washington State; Woman's Patriotic League of America; Women of Army and Navy Legion of Valor, United States of America; Women Descendants of the Ancient and Honorable Artillery Company, National Society, and 1,000 other National, State, and local organizations.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

PUBLICATIONS OF AMERICAN HISTORICAL ASSOCIATION

Mr. FESS. Mr. President, on yesterday I had intended to offer an amendment to the appropriation bill until I learned that the amendment had not recently been estimated for by the Budget Bureau, although it had been estimated for in connection with the similar bill which was passed at the last session. For that reason I did not offer the amendment, and the session of the Senate was so crowded that I did not even have an opportunity to state why I wanted the Senate to consider the amendment. So, for the sake of the record, and in order that later on we may consider the

amendment when it may be in order, I should like to say that the American Historical Association, which was created back in 1884, and in 1889 began publishing its annual reports. Those reports up to date number 72 volumes. They contain most valuable information of a historical character. The Government assumes the authority, in the appropriation bills in connection with items for the Smithsonian Institution, to print these reports. From 1907 until 1930 the annual appropriation was \$7,000 for that purpose. In 1930 it was increased to \$12,000, last year it was reduced under the stress of economy to \$8,000, and this year it was entirely omitted. I made some inquiry as to why such a very important item should be omitted, and it was stated that the omission was temporary, but it was hoped that later on the appropriation might be reinstated.

For the information of Senators who may not have looked into the activities of this organization, let me state that its first president was the famous Andrew D. White, later on president of Cornell University, and a famous diplomat. Among its presidents were such men as George Bancroft, James P. Angell, James Ford Rhodes, Theodore Roosevelt, Woodrow Wilson, Admiral Mahan, and other men of the very highest type in historical study.

Among the very valuable contributions that the Government has printed the one that I think is probably as valuable as any was the autobiography, including a lot of correspondence, of Martin Van Buren. We usually regard Van Buren as a mere politician, but anyone who would take the time to read the correspondence of that famous New York citizen would have, I am sure, a revised view of who Martin Van Buren was in his day. The correspondence of such men as John C. Calhoun, which never would have come to light if it had not been for this movement, and the correspondence of Alexander H. Stephens and men of that type is reclaimed from such sources and these valuable historic contributions are made a matter of permanent record.

I sincerely hope that in the stress of economy we will not permit this very remarkable work to be discontinued. As I said, it has never been interrupted until this year. I am told that it was only interrupted because of the stress of conditions and that it may be renewed. The diplomatic correspondence that is waiting now for publication, including the new bibliography on history and the annual report of the association, which are governmental largely, ought not to be lost to us.

Mr. President, I wanted to make this statement in order that in the future we might have consideration of the matter. I ask unanimous consent that I may have inserted in the RECORD at this point a memorandum of the activities of the association.

The VICE PRESIDENT. Without objection, it is so ordered.

The memorandum is as follows:

MEMORANDUM ON PRINTING APPROPRIATION FOR THE AMERICAN HISTORICAL ASSOCIATION

For many years the independent offices appropriation bill has carried, as an item under the appropriations for the Smithsonian Institution's printing, an item for the printing of the annual report of the American Historical Association. This item, which stood at \$7,000 from 1907 to 1930, was made \$12,000 in the appropriations for 1931 and 1932, and \$8,000 in those for the present fiscal year. In the estimates for the new bill, for 1934, all such appropriation is omitted. I am sure that the association appreciates the reasons why there should be a reduction, but it is surely not necessary to go so far as to omit the appropriation entirely. While the Government has always done a great deal for science, this small appropriation (or credit at the Government Printing Office) is one of the very few things the Government has been doing for history.

The American Historical Association was founded in 1884 and chartered by act of Congress in 1889. Among its presidents have been such men as Andrew D. White, George Bancroft, William Wirt Henry, James B. Angell, Henry Adams, Senator George F. Hoar, James Ford Rhodes, Charles Francis Adams, Admiral A. T. Mahan, John B. McMaster, Theodore Roosevelt, and Woodrow Wilson. The association has always been managed by a council composed of leading historians. All its work is of high quality, and its volumes have been prepared as a labor of love without the Government having been called upon to expend a dollar for their preparation.

The act of incorporation requires the association to "report annually to the secretary of the Smithsonian Institution concerning its proceedings and the condition of historical study in America", with provision that the "said secretary shall communicate to Congress the whole of such report, or such portions thereof as he shall see fit." Under this provision the association has printed a splendid series of volumes, 2 a year ordinarily, 72 in all, containing its proceedings, reports of its various committees, and a wealth of documentary material for American history—such volumes as the Correspondence of John C. Calhoun, of the earlier French Ministers to the United States, of James A. Bayard, a negotiator of the Treaty of Ghent, of Alexander H. Stephens and Robert Toombs, the autobiography of Martin Van Buren, the diplomatic correspondence of the Republic of Texas, the papers of Stephen F. Austin, and the diary of Edward Bates, Lincoln's Attorney General—a series of which the Government may well be proud. Each year they also publish a bibliography of all the previous year's writings on American history or any part of it, a manual very useful to all scholars. And they now have ready for publication an important Guide to the Study of American Diplomatic History, detailing all the writings and sources in which the student can find information on that very important subject. All these volumes, it should be emphasized, are prepared without any cost to the Government, though foreign governments expend large sums of public money for just such work of compilations and editing. All the Government has been called upon to do is to print the results, as books of reference for the historical scholars of the country and all who are interested in the history of the Nation.

It seems a great pity that this important series should lapse, even for 1 year, that there should be a blank in the series of annual reports, that the annual bibliography for 1932 should be missing, or that the Guide to American Diplomatic History, all ready for publication, should be held up indefinitely. If it is thought impracticable to continue the full appropriation of \$8,000 for 1934, an appropriation of 25 percent less, that is, of \$6,000, would enable the association to continue its useful work of enlightening our past and encouraging and facilitating its study.

THE GOLD STANDARD

Mr. FLETCHER. Mr. President, I ask the Senate now to proceed with the unfinished business. I ask that the joint resolution may be read.

The Senate resumed consideration of the joint resolution (H.J. Res. 192) to assure uniform value to the coins and currencies of the United States, which was read, as follows:

Whereas the holding of or dealing in gold affect the public interest, and are, therefore, subject to proper regulation and restriction; and

Whereas the existing emergency has disclosed that provisions of obligations which purport to give the obligee a right to require payment in gold or a particular kind of coin or currency of the United States, or in an amount in money of the United States measured thereby, obstruct the power of the Congress to regulate the value of the money of the United States, and are inconsistent with the declared policy of the Congress to maintain at all times the equal power of every dollar, coined or issued by the United States, in the markets and in the payment of debts. Now, therefore, be it

Resolved, etc., That (a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy; and no such provision shall be contained in or made with respect to any obligation hereafter incurred. Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States, is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

(b) As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States; and the term "coin or currency" means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

SEC. 2. The last sentence of paragraph (1) of subsection (b) of section 43 of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, is amended to read as follows:

"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins,

when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight."

Mr. FLETCHER. Mr. President, I will state that it is important to have as early action as possible on the joint resolution. We have to enter upon a plan of financing that is pressing, and the Treasury and the President feel that the joint resolution is absolutely necessary to enable them to proceed with their financing plans.

We have taken up for consideration the House joint resolution because it has passed the House, and in order to speed the matter. A similar joint resolution was introduced in the Senate, referred to the Committee on Banking and Currency, and reported back favorably without amendment. We can postpone the Senate measure indefinitely when and if we pass the House measure. This would complete the legislation and, therefore, we are proceeding to consider the House joint resolution. It passed the House and is here now for our consideration. As I said, it is necessary to get as early action as possible because under the plans of the Treasury Department it is required that within a few days notices shall be sent out as to the methods they will pursue with reference to financing the affairs of the Government.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Michigan?

Mr. FLETCHER. I yield.

Mr. VANDENBERG. Was there a proposal in the committee to limit this proposition to new loans and not to apply it to existing contracts?

Mr. FLETCHER. There was.

Mr. VANDENBERG. What was the vote in the committee on that subject?

Mr. FLETCHER. I do not remember the vote. The proposal was defeated.

Mr. VANDENBERG. Was it defeated by a narrow margin?

Mr. FLETCHER. I think perhaps it might be called a narrow margin. My recollection is there was a majority of 3 or 4.

Mr. VANDENBERG. Has the Senator available the form in which that amendment was offered in the committee?

Mr. FLETCHER. No; I have not. Of course, if that sort of amendment were adopted, it would destroy the whole plan.

Mr. VANDENBERG. But it would not destroy the credit of the Government.

Mr. FLETCHER. No; and it will not be destroyed anyhow.

Mr. JOHNSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from California?

Mr. FLETCHER. I yield.

Mr. JOHNSON. I assume the Senator is going to discuss somewhat in detail the provisions of the joint resolution, but I desire to hear, if it is possible to do so, exactly why, under lines 9 and 10, page 2, "every obligation heretofore or hereafter incurred", the joint resolution is made retroactive in respect to obligations that have been heretofore executed, obligations, as I understand it, relating not only to private transactions but to governmental obligations within which there is a distinct covenant. Will the Senator state the reason why it is deemed necessary to have this made retroactive?

Mr. FLETCHER. I would have come to that in a moment or two, but I do not object to stating it now. The situation cannot be met merely by enabling new obligations to be payable in legal tender without creating a difference in value between the old and the new obligations and impairing or destroying the market for new obligations. Investors would no doubt prefer private obligations with a gold clause to Government obligations payable in currency. In other words, we cannot make a distinction. The moment bonds or certificates or notes are offered to the public payable in

legal tender, with outstanding obligations of the Government payable in gold, it will be seen that investors would rush to the gold obligations and call for that sort of security and would not take the new certificates or the new debentures or the new bonds or the new obligations. It will interfere both with financing of the Government and financing of private enterprise. We would pass two different kinds of currency if we were to attempt that.

I will take up the joint resolution in its sequence. The first section provides:

That every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against the public policy.

There is no question that we have the right and the authority to do that under the Constitution. That is the first provision of the joint resolution.

Mr. JOHNSON and Mr. FESS addressed the Chair.

The VICE PRESIDENT. Does the Senator yield; and if so, to whom?

Mr. FLETCHER. I will yield first to the Senator from California.

Mr. JOHNSON. The Senator said, and I think he is correct, that under the Constitution we have the right doubtless to change the currency as we desire. I presume that submitted to the committee were briefs upon the subject and the legal question, were there not?

Mr. FLETCHER. Yes.

Mr. JOHNSON. Does the committee stand upon the English decisions that have been rendered in that regard?

Mr. FLETCHER. No; we do not. We have a brief on the subject, submitted by the Treasury.

Mr. JOHNSON. I trust the Senator will not think I am pertinacious in these inquiries. If there is a report on the subject that deals with the very important questions involved, I shall be content to go through that report. Was there a report rendered upon this matter?

Mr. FLETCHER. A report was rendered by the Senate committee and also by the House committee. In addition to that I have here a statement submitted by the Treasury which I shall be glad to have the Senator examine.

Mr. JOHNSON. I thank the Senator very much. I do not want unduly to interrupt the Senator.

Mr. FLETCHER. That covers the whole ground, and I shall be glad to have the Senator read it.

The first proposal in the joint resolution is that it is against public policy to make obligations payable in gold, and the measure then proceeds:

And no such provision shall be contained in or made with respect to any obligations hereafter incurred. Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts.

In other words, we are going to have only one currency, a currency issued in pursuance of the joint resolution and payable dollar for dollar. We have not interfered with the laws with reference to keeping at parity with gold the money of the United States. There is no repeal of any of those statutes. We are proposing to issue legal-tender obligations which will take the place of those obligations payable in gold. We are not depriving anybody of any property or of any value or of any rights they now have, except that we are not proposing to pay in gold absolutely the obligations, but we are giving what is equal to gold, what is as good as gold, and no one can claim that he has lost anything by this kind of transfer.

Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States is hereby repealed.

Then in paragraph (b) it is stated:

As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States—

There can be nothing better than that.

And the term "coin or currency" means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

Section 2 amends the act which was passed recently, entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power", and so forth, approved May 12, 1933. That act, at page 23 of the public print, contains the following clause, which is amended by the pending measure:

Such notes, and all other coins and currency heretofore or hereafter coined or issued by or under the authority of the United States, shall be legal tender for all debts, public and private.

That is the language of the present act. We amend that by clarifying and enlarging the scope somewhat to read as follows:

All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight.

That is the amendment which is proposed to the last clause of the act referred to, approved May 12 of this year.

That is all that the joint resolution does.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Ohio?

Mr. FLETCHER. I yield.

Mr. FESS. The legal-tender feature covers all forms of currency, does it not?

Mr. FLETCHER. Yes; as I understand the Senator's question.

Mr. FESS. It includes national-bank notes?

Mr. FLETCHER. Yes.

Mr. FESS. That is a thing that never has been thought of before.

Mr. FLETCHER. It was already done. That was provided for in the Agricultural Relief Act to which I have just referred.

Mr. FESS. It was never done except under this "new deal" idea.

Mr. FLETCHER. Yes; it was done under the agricultural relief or agricultural adjustment act, approved May 12, 1933.

Mr. KEAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New Jersey?

Mr. FLETCHER. I yield.

Mr. KEAN. Is it not true that during the 100 years or more of the history of the United States, the bonds of the United States have always been payable in gold, even during the Civil War; that both customs and interest on United States bonds were payable in gold?

Mr. FLETCHER. I think that is true, and that is one trouble now. We have been carried away by this fetish of gold, and tied to that kind of a system; and that has brought on the difficulties we are having. We are trying to get away from it. There is nothing sacred about gold as a commodity. It is not money, except as we may make it money, and that has led to what is happening all over the world, more or less, but particularly in the United States in this emergency.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Idaho?

Mr. FLETCHER. I yield.

Mr. BORAH. I call the attention of the Senator from New Jersey [Mr. KEAN] to the fact that there was a time when United States bonds were payable in gold and silver.

Mr. FLETCHER. Yes; I think that is true, too.

The constitutional provisions on the subject will be found in section 8 of article I of the Constitution, as follows:

The Congress shall have power . . . to borrow money on the credit of the United States; . . . to coin money, regu-

late the value thereof, and of foreign coin, . . . and . . . to make all laws which shall be necessary and proper for carrying into execution the foregoing powers.

It is under that authority that we are proceeding here, and it amply sustains every provision of this joint resolution.

Congress has an unquestioned power to determine, in its discretion, the value of the dollar. Furthermore, a determination once made is not final, but may be changed from time to time. That is an answer to the Senator from New Jersey [Mr. KEAN]. It matters not what we have done in the past; we have the right and the authority and the power to change our policy, if we see fit, to meet the present conditions.

The act of April 7, 1792, provided that the content of the gold dollar should be 24.75 grains of pure gold. The fine weight of the gold dollar was reduced by the act of June 28, 1834; and the standard of fineness was changed by act of January 18, 1837. The Supreme Court has stated:

No one ever doubted that a debt of \$1,000, contracted before 1834, could be paid by 100 eagles coined after that year, though they contained no more gold than 94 eagles such as were coined when the contract was made.

That was decided in the *Legal Tender* cases, Twelfth Wallace, 457.

The Supreme Court has held that the Congress has power to provide for the issuance of currency and to make such currency legal tender in payment of debts. That is what we are attempting to do.

In the *Legal Tender* cases, with which Senators are more or less familiar, the court held that the currency to which the *Legal Tender* cases referred was authorized as a war-time measure. In *Juilliard v. Greenman* (110 U.S. 421) the court upheld the exercise of the same power in peace time, and said:

The power of making the notes of the United States a legal tender in payment of private debts, being included in the power to borrow money and to provide a national currency, is not defeated or restricted by the fact that its exercise may affect the value of private contracts.

Mr. FESS. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Ohio?

Mr. FLETCHER. I yield.

Mr. FESS. The Senator has read the decision that makes the United States greenback a legal tender.

Mr. FLETCHER. Yes.

Mr. FESS. That was an obligation of the Government. A national-bank note is not an obligation of the Government. That is what I am asking.

I am not questioning whether we have the authority to make the United States note a legal tender. That is the promise of the Government. If we want to go to that extent, there is no question about the legality of doing it; but here we are proceeding to make a thing that is not a Government obligation a legal tender.

Mr. FLETCHER. National-bank notes are guaranteed by the Government.

Mr. FESS. They are not a Government obligation, however. The Senator does not think a national-bank note is a Government obligation, does he?

Mr. FLETCHER. No; but it is guaranteed by the Government.

Mr. REED. It is not even that.

Mr. FLETCHER. We have the power to do that very thing, and the right to do it. Those notes are sufficiently protected, secured as they are by bonds of the United States, and are sound as a basis of currency, and used and circulated as currency. We can declare them to be legal tender. There is no question about that.

Mr. HATFIELD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from West Virginia?

Mr. FLETCHER. I yield.

Mr. HATFIELD. In what are these legal-tender notes redeemable?

Mr. FLETCHER. To which notes does the Senator refer?

Mr. HATFIELD. The bank notes that are being made legal tender, payable for any kind of an obligation. What is back of these notes in the way of a redeemer—gold or silver?

Mr. FLETCHER. At present there is back of the notes Government bonds, if the Senator is referring to national-bank notes.

Mr. HATFIELD. What will be the process of redemption after the passage of this joint resolution?

Mr. FLETCHER. They will go to the Treasurer of the United States, and he will redeem them.

Mr. HATFIELD. In what?

Mr. FLETCHER. In the currency that we are going to issue; in currency, legal tender.

Then Congress has the power of providing for a uniform currency. That is one of the things we need. The power of Congress to issue currency includes the power to secure a uniform currency for the whole country. That, of course, was decided when the tax was levied on State banks and had the effect of preventing the issuance of currency by State banks; and that has been the law ever since.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. WHEELER. I have before me a speech which was delivered by Senator Ingalls, one of the outstanding Members of the Senate of the United States at one time, in which he sets forth the various acts upon this subject. He states that in the act of February 17, 1862, the Congress made its obligations payable not in gold but in coin; that the act of July 11, 1862, made its obligations payable not in gold but in coin. The same thing was done in 1863, 1864, and 1865. Practically all these obligations were not payable in gold at all, but payable in coin, either in silver or gold.

Mr. FLETCHER. Undoubtedly that is true; and Congress has that power today, just as it had then.

Mr. WHEELER. Just as it had then.

If the Senator will pardon me further, Mr. Ingalls calls attention to what some of the British papers said upon this subject with reference to repudiation. In view of the fact that some of the Senators have stated that this would be a repudiation by the United States Government, I shall at a later time call attention to specific articles taken from the journals of Great Britain at that time.

Mr. FLETCHER. As a matter of fact, there is no repudiation at all here. There may be technically a repudiation of the obligation to pay in gold; but if we pay in something that is worth just as much, that is just as valuable for every purpose that money can be used for as gold, we have not repudiated anything. Nobody has lost anything. We are actually paying today in dollars a dollar and a half for what we promised to pay a dollar for when our bonds were issued.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. FLETCHER. I yield.

Mr. BARKLEY. Is it not true, as a practical matter of fact, that if everybody who holds an obligation against the United States Government should demand gold in payment, we have not enough gold to pay one fourth of the obligations now outstanding? And is it not true that if everybody in this country who holds an obligation, public or private, in which this gold clause may be included should demand payment, there is not one twentieth enough gold in the entire United States to redeem all these bonds?

Mr. REED. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Florida yield; and if so, to whom?

Mr. FLETCHER. I yield to the Senator from Pennsylvania.

Mr. REED. Is not that just the same—

Mr. BARKLEY. Furthermore, I might add—

Mr. REED. The Senator yielded to me, I think. I wanted to ask a question, and I should like the attention of the

Senator from Kentucky. His argument that these contracts amount to nothing because their sum total exceeds the amount of gold in the world is about like arguing that nobody ought to be allowed to walk down Pennsylvania Avenue because the entire population cannot all do it at the same moment.

At the time these bonds were issued there were more bonds out than there are now, and there was less gold in the world than there is now; and, according to the Senator from Kentucky, President Wilson and his administration committed a fraud upon the bondholder when they issued more bonds than there was gold. Of course, they meant, and every other person who promises to pay in gold means, that he will get back the gold from the first comer, paying a premium if necessary, in order to honor his covenant with the second comer. That has always been understood.

The argument of the Senator from Kentucky would mean that no bank had to pay its depositors, because the aggregate of the bank deposits of the United States is very much greater than every form of currency in the United States, and obviously every depositor cannot be paid at the same instant.

Mr. BARKLEY. Mr. President, will the Senator from Florida yield further there?

Mr. FLETCHER. I yield.

Mr. BARKLEY. Of course, the analogy is not correct, because anybody knows that if a bank is solvent, and a depositor goes to draw out his deposits, he draws them out in any kind of money that is available to the bank.

Furthermore, I dare say that there is not one out of a million dollars of these obligations, whether public or private, ever paid in gold. The people bought Liberty bonds, and they bought all the other bonds, on the faith of the Government of the United States, and they would have bought them just the same if there had been no gold clause in them. They are not paid in gold. It is a sort of fetish of antiquity that they carry the gold clause. As a matter of fact, we know that practically they are never paid in gold, nobody expects them to be paid in gold, and they would have sold just as readily if the gold clause had not been in them.

Mr. FLETCHER. Mr. President, on that subject I read from a pamphlet entitled "Gold! Why?" by Charles F. de Ganahl. He says:

The outstanding bonds of the Government now approximate \$18,000,000,000; the outstanding currency in the United States of America is about \$10,000,000,000. A total liability of \$28,000,000,000.

The metallic gold security behind this vast promise to pay of the people of the United States of America is of the order of \$4,000,000,000 in gold.

In other words, we have \$4,000,000,000 of gold with which to pay \$28,000,000,000 of obligations.

That is, twenty-four billion is without actual gold backing and could not be met in gold. This twenty-four billion is "promised gold money"—if bonds may be considered equal to money, and they are equal to money, through a cumbersome process of borrowing against these bonds.

Mr. President, that is the situation. Of course, there is much in what the Senator says. These bonds will not all be presented at once, yet we have \$24,000,000,000 of obligations payable in gold and \$4,000,000,000 of gold with which to meet them.

Mr. KEAN and Mr. REED addressed the Chair.

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Florida yield, and if so, to whom?

Mr. FLETCHER. I yield to the Senator from New Jersey.

Mr. KEAN. In reply to the Senator from Kentucky, I may say that I went out and helped sell Liberty bonds, and that I told the people that they were payable in gold, and that the United States would make good.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. KEAN. And the people expect them to be paid in gold. Within 3 weeks from this time the Secretary of the Treasury of this administration has issued notes of the United States payable in gold. Is his promise good, or whose promise is good? What can anybody depend on if we assume that the promise of the last Democratic administration is not good, and this administration starts out,

within 30 days of the time when it has promised to pay certificates in gold, and repudiates its promise?

Mr. FLETCHER. Suppose the Senator had a thousand dollars in Liberty bonds, or any other bonds, payable in gold, and they were due. He would go to the bank. Would he ask for gold for them? He would take currency, he would take legal tender.

Mr. KEAN. I would either take the gold or its equivalent for them. As the currency of the United States has now gone off nearly 20 percent, I would pay any such creditor of mine 120 percent for his debt.

Mr. FLETCHER. We preserve the parity in every respect, and what one would get in currency is legal tender of the United States, lawful money.

Mr. FESS. How is the Senator proposing to preserve the parity?

Mr. KEAN. Yes; how is the parity being preserved?

Mr. FLETCHER. The Senator would not think of walking out of his bank with a thousand dollars in gold in his pocket.

Mr. KEAN. How does the Senator propose to preserve the parity, when the currency of the United States, as measured by foreign governments, is already nearly 20 percent less than the value of gold today?

Mr. FLETCHER. There is an embargo on the export of gold, and the Senator would not spend that money in foreign countries, anyway.

Mr. KEAN. Mr. President, I cannot follow the Senator in any such statement as that, because the farmers of this country, the wheat growers of this country, the cotton growers of this country, send their products abroad, and they will find that they will get less money in return for their crops than they ever got before.

Mr. FLETCHER. On the contrary, they will get more and are getting more, and they will get more still. The effect will be to increase the prices of the commodities.

The classic statement of the proper construction of congressional powers is that of Chief Justice Marshall in *McCulloch v. Maryland* (4 Wheat. 316):

Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional * * *. Where the law is not prohibited, and is really calculated to effect any of the objects entrusted to the Government, to undertake here to inquire into the degree of its necessity would be to pass the line which circumscribes the judicial Department and to tread on legislative ground. This Court disclaims all pretensions to such a power (pp. 421 and 423).

If in the exercise of its expressed powers to borrow money and to coin money and regulate its value, the Congress finds that provisions which purport to give to the obligee a right to require payment in gold—the basis of the Nation's currency—or in any particular kind of money, or in an amount in money measured thereby, obstruct the power of Congress to regulate the value of money and are inconsistent with the declared policy of Congress to maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts, the Supreme Court will accept such finding. If the Congress adopts appropriate and reasonable means to prevent the interference of such provisions with the exercise of its power to regulate the value of the money of the United States, the Supreme Court will uphold such action as a valid exercise of the implied powers of the Congress.

In *Veazie Bank v. Fenno* (8 Wall. 533), the Supreme Court upheld the constitutionality of a tax on State bank notes used for circulation, the avowed purpose of the tax being to drive the circulating notes out of existence in order to create a uniform currency. The Court held that such action by Congress in pursuance of its powers to coin money and to regulate the value thereof included the power to take appropriate steps to assure "a currency uniform in value and description, and convenient and useful for circulation." The Court said:

Having thus, in the exercise of undisputed constitutional powers, undertaken to provide a currency for the whole country, it cannot be questioned that Congress may, constitutionally, secure the benefit of it to the people by appropriate legislation. To this

end, Congress has denied the quality of legal tender to foreign coins, and has provided by law against the imposition of counterfeit and base coin on the community. To the same end, Congress may restrain, by suitable enactments, the circulation as money of any notes not issued under its own authority. Without this power, indeed, its attempts to secure a sound and uniform currency for the country must be futile (p. 549). (Italics supplied.)

In *Juillard against Greenman*, cited above, the Court stated:

Under the power to borrow money on the credit of the United States, and to issue circulating notes for the money borrowed, its power to define the quality and force of those notes as currency is as broad as the like power over a metallic currency under the power to coin money and to regulate the value thereof. Under the two powers, taken together, Congress is authorized to establish a national currency, either in coin or in paper, and to make that currency lawful money for all purposes, as regards the National Government or private individuals (p. 448).

In the *Legal Tender* cases, cited above, Mr. Justice Strong said:

Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power (p. 549).

And Mr. Justice Bradley stated in his concurring opinion:

I do not understand the majority of the court to decide that an act so drawn as to embrace, in terms, contracts payable in specie, would not be constitutional. Such a decision would completely nullify the power claimed for the Government. For it would be very easy, by the use of 1 or 2 additional words, to make all contracts payable in specie (p. 567).

NOT A TAKING OF PROPERTY WITHOUT DUE PROCESS OF LAW

The joint resolution provides that every obligation, whether or not it contains a gold clause, shall be discharged upon payment, dollar for dollar, in legal tender. From a material point of view the obligee suffers no damage if what he receives is of equal value with what he claims. At the present time, all currency and coins, including gold coins, are equal in purchasing power within the United States. Against the delivery of gold coins to Federal Reserve banks in amount in currency is paid which will in turn repurchase the same amount of gold coins for duly licensed purposes. The export of gold is, however, forbidden by Congress in the exercise of powers admittedly constitutional. See *Ling Su Fan v. United States* (218 U.S. 302). Therefore, the joint resolution, in fact, does not subject the obligee to any material damage, and he cannot claim to have suffered any deprivation of property unless and until he can show some material damage.

In this connection mention should be made of the decision of the Supreme Court, New York County, N.Y., reached May 24, 1933, in the case of *Irving Trust Co., etc., v. Hazlewood, etc.* (N.Y. Law Jour. of May 26, 1933, p. 3160). In his opinion Mr. Justice Ingraham stated:

By Presidential proclamation all gold coin and gold certificates have been withdrawn from circulation. Upon surrender of gold coin or certificates the holder has received other currency of equal coin value. The case of *Bronson v. Rodes* (74 U.S. 229) is not in point. Different circumstances there prevailed. Two varieties of money were in general circulation: the gold dollar and the paper dollar. The latter had a much depreciated value. At the present time there is but one lawful medium of exchange, and this has the same coin value as gold of equal amount. The case of *In re Societe Intercommunale Belge d'Electricite-Feist v. The Company*, decided by the Court of Appeals of England in March of this year and reported in the *Times Law Reports* (p. 344), decides the question involved here. I accordingly instruct the trustees to accept current funds and upon payment of the amount due to satisfy the mortgage.

Even should the Congress fail to maintain the parity of all coins and currencies and their equal power in the markets and payments of debts so as to give rise to the contention that the effect of such failure combined with the effect of the resolution would amount to a taking of property, this would not be without due process of law. *Bronson* against *Rodes* did not decide that Congress could not have made notes legal tender for obligations payable in a particular kind of money. Its actual holding was a construction of the *Legal Tender Act* of 1862 to the effect that it was not intended by Congress to apply to obligations expressed as payable in gold and silver coin, lawful money of the United States.

In the *Legal Tender* cases the Court said:

Nor can it be truly asserted that Congress may not, by its action, indirectly impair the obligation of contracts, if by the expression be meant rendering contracts fruitless or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or even in peace pass nonintercourse acts, or direct an embargo. All such measures may, and must, operate seriously upon existing contracts, and may not merely hinder but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul and in other cases to impair the obligation of contracts * * * (pp. 549, 550).

In the same decision the Court deals in like manner with the "closely allied" objection that the *Legal Tender Acts* "were prohibited by the spirit of the fifth amendment, which forbids taking private property for public use without just compensation or due process of law." It states:

* * * That provision has always been understood as referring only to a direct appropriation and not the consequential injuries resulting from the exercise of lawful power. It has never been supposed to have any bearing upon or to inhibit laws that indirectly work harm and loss to individuals. A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo be enacted, or a war be declared? By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the *Legal Tender Acts* worked. But was it ever imagined this was taking private property without compensation or without due process of law? * * * (p. 551).

The Supreme Court upheld the Philippine law prohibiting the exportation of silver coin from the Philippine Islands upon similar reasoning (*Ling Su Fan v. United States*, 218 U.S. 302). It was contended that the statute was a taking of property without due process of law. The Supreme Court stated:

To justify the exercise of such a power it is only necessary that it shall appear that the means are reasonably adapted to conserve the general public interest and are not an arbitrary interference with private rights of contract or property. The law here in question is plainly within the limits of the police power and not an arbitrary or unreasonable interference with private rights. If a local coinage was demanded by the general interest of the Philippine Islands, legislation reasonably adequate to maintain such coinage at home as a medium of exchange is not a violation of private right forbidden by the organic law (p. 311).

The case of *Louisville & Nashville Railroad v. Mottley* (219 U.S. 467) is directly in point, although the statute which operated as an impairment of the obligation of contract was passed in pursuance of the commerce power of Congress. The defendant railroad agreed in settlement of a claim for personal injury to issue to the plaintiffs annual passes upon its lines for the remainder of their lives. Thereafter an act of Congress prohibited carriers from receiving a different compensation than that specified in their published tariffs. This was construed to prohibit the issuance of the passes in question. The Supreme Court denied the right of the plaintiffs to specific performance of their contracts with the railroad. The court said:

The agreement between the railroad company and the Mottleys must necessarily be regarded as having been made subject to the possibility that, at some future time, Congress might so exert its whole constitutional power in regulating interstate commerce as to render that agreement unenforceable or to impair its value. That the exercise of such power may be hampered or restricted to any extent by contracts previously made between individuals or corporations is inconceivable. The framers of the Constitution never intended any such state of things to exist (p. 482).

Also of importance at this point are the broad statements of the Supreme Court in *Julliard* against *Greenman* and *Veazie Bank* against *Fenno*, quoted above in this memorandum. Furthermore, while it is not contended that the operation of constitutional guaranties may be suspended by an emergency, the Supreme Court has in actual practice—as for example in dealing with the emergency rent legislation

made necessary by the World War, as well as in other cases—taken into consideration, both in the general construction of the powers of Congress and in the application of the due-process clause, the existing practical emergency which the congressional enactment was designed to meet. Obviously such an approach would be peculiarly justified by the exigencies of the present economic emergency.

OUTSTANDING GOVERNMENT OBLIGATIONS

The foregoing discussion applies to provisions contained in obligations of the Government as well as obligations of private persons. It is fundamental that "governmental powers cannot be contracted away" (*North American Com. Co. v. United States*, 171 U.S. 110, 137; *Fertilizing Co. v. Hyde Park*, 97 U.S. 659) and rights conferred by the Government remain subject to the power of Congress "to make regulations in the exertion of the authority of Congress over matters within its constitutional power" (*United States v. United Shoe Machinery Co.*, 258 U.S. 451, 463, and 464; *Schaus v. American Publishers Association*, 231 U.S. 222, 234; *Horowitz v. United States*, 267 U.S. 458; *United States v. Warren Transportation Co.*, 7 Fed. (2d) 161).

When Congress finds and declares that the effect of the enforcement of certain provisions of obligations, including obligations to which the Government is a party, obstruct the powers of the Congress and are inconsistent with its policy to maintain all coins and currencies at a parity, appropriate action to protect the monetary system of the United States is constitutional, even though persons holding obligations of the United States are affected equally with all other obligees. Indeed, to discriminate in favor of creditors of the Government and against creditors of private obligors would, in the absence of facts making such discrimination necessary for the accomplishment of a valid purpose, lay the legislation open to attack as capricious and arbitrary.

Furthermore, when, as is now the case, a limitation of the effect of the legislation to contracts between private persons and future contracts of the Government would seriously impair the power of the Government to borrow money to meet its general needs and to cope with the necessities of the emergency, the constitutional power to take such action cannot be doubted.

Mr. REED. Mr. President, men's honor is not often improved by being discussed, nor is it often proved by being asserted. I think this matter before us involves the most serious question of national dishonor that has arisen in the Congress in my recollection. I think it is much more important to consider this question from the standpoint of national honesty and national honor than it is to split hairs on constitutional construction, and the letter of that charter of our liberties to which we so often refer, and so seldom follow:

Before I discuss the moralities of this proposal, I want to call attention briefly, so that it may be said in the future that these things were not omitted in the Senate from consideration, to that part of the fourteenth amendment of the Constitution which, in section 4, says:

The validity of the public debt of the United States authorized by law * * * shall not be questioned.

Obviously, this proposed statute now presented to us does question the validity of that part of the public debt authorized by law which directs that the promise contained in it shall be expressed to be payable in gold of the standard of value at the time the bonds are issued. Plainly, the proposed statute ignores that prohibition of the fourteenth amendment.

Furthermore, it flies directly in the face of the due-process clause of the fifth amendment, because it is taking from the bondholder a part of his property without due process of law. The bond is property; the bond consists only of a series of covenants. To take from the bondholder any one of those covenants takes a part of his property; and to say that he is receiving due process of law because he is paid in the debased money of the present day is a palpable absurdity, self-evidently untrue, recognized to be untrue by those decisions of the Supreme Court rendered in our last

fever of inflation, back in the late sixties and the early seventies, when the Supreme Court in repeated cases recognized that it was not due process of law; that it was not satisfaction of the debt to pay in paper money a debt expressed to be paid in terms of gold, and as a consequence directed judgment to be entered in the two different kinds of money. For the failure to be paid in money, the Supreme Court of the United States directed judgment to be rendered either in that amount of gold dollars or in an increased amount of currency dollars.

I have before me the case of *Dewing against Sears*, which is found in *Eleventh Wallace*, page 379. In that case the yearly rent had been expressed to be 4 ounces, 2 penny-weights, and 12 grains of pure gold in coined money. That was equivalent, when the lease was made, to \$80 per annum, and at the time when the suit was brought, to \$87.25 per annum, in this debased currency. Judgment was directed to be entered by the Supreme Court for coined dollars and parts of coined dollars, and not for United States notes, although those notes had been made by statutes of the United States a legal tender. That followed two earlier cases, *Bronson v. Rodes* (7 *Wallace*, 229) and *Butler v. Horwitz* (7 *Wallace*, 258). In the *Bronson* case the Supreme Court said this:

Payment of money is delivery by the debtor to the creditor of the amount due. A contract to pay a certain number of dollars in gold or silver coins is, therefore, in legal import, nothing else than an agreement to deliver a certain weight of standard gold, to be ascertained by a count of coins, each of which is certified to contain a definite proportion of that weight. It is not distinguishable, as we think, in principle, from a contract to deliver an equal weight of bullion of equal fineness. It is distinguishable, in circumstance, only by the fact that the sufficiency of the amount to be tendered in payment must be ascertained, in the case of bullion, by assay and the scales, while in the case of coin it may be ascertained by count.

And in the *Legal Tender* cases—I speak of the *Legal Tender* cases in *Twelfth Wallace*, page 457—the Court took good care, on page 48 of its opinion, to distinguish between contracts for the payment of money generally, which, of course, were subject to the power of Congress to regulate the value of the money, and contracts to pay in specially defined species of money. The Court said there:

It is true that under the acts a debtor, who became such before they were passed, may discharge his debt with the notes authorized by them, and the creditor is compellable to receive such notes in discharge of his claim. But whether the obligation of the contract is thereby weakened can be determined only after considering what was the contract obligation. It was not a duty to pay gold or silver, or the kind of money recognized by law at the time when the contract was made, nor was it a duty to pay money of equal intrinsic value in the market. (We speak now of contracts to pay money generally, not contracts to pay some specifically defined species of money.)

I need not quote from the cases any further.

Mr. FLETCHER. Mr. President, may I interrupt the Senator from Pennsylvania?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. I yield.

Mr. FLETCHER. Under the act of 1861 greenbacks, as we call them, were made full legal tender.

Mr. REED. That is correct.

Mr. FLETCHER. It was in 1862 when Congress put on the limitation that greenbacks could not be used for the payment of taxes, custom duties, and so forth, and therefore limited the legal-tender qualities of the greenbacks by that act. The Supreme Court simply held that Congress did not provide in the act of 1862 that they should be payable in coin or anything of that sort, but the Court did not hold that Congress did not have the power to make greenbacks legal tender if it desired so to do.

Mr. REED. No; they did not. They assumed, with an air that implied it was a violent assumption, that Congress had the power to pass such a statute if it specifically tried to, but then they construed the statute to mean that Congress had not meant anything so preposterous.

Mr. FESS. Mr. President, will the Senator from Pennsylvania yield there?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. REED. I yield.

Mr. FESS. The first issue of \$60,000,000 to which the Senator from Florida [Mr. FLETCHER] refers was not really an issue of greenbacks, because they were redeemable in gold on demand. Those were the terms of that issue, that the greenbacks should be redeemable in gold on demand, and it was not the refusal to make that issue a legal tender for the payment of customs duties and interest on the public debt that caused it to stay up; it was because it was equivalent to gold, that anybody who had any of the notes of that first issue could take them to the Treasury and get gold for them at any time.

Mr. REED. Yes; and when the United States did not have enough gold to redeem them it was under obligation to go out and get the gold. That, in fact, was what was done later on after specie payments were resumed.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. Let me first answer the Senator's query about the courts passing on the constitutionality of such a bill as this. In *Butler against Horwitz*, on page 260 of the opinion, as it is found in *Seventh Wallace*, the Court said:

It was not necessary in the case of *Bronson v. Rodes*, nor is it necessary now, to decide the question whether the acts making United States notes legal tender are warranted by the Constitution. We express no opinion on that point, but assume for the present the constitutionality of those acts.

Then they say:

Proceeding upon this assumption, we find two descriptions of lawful money in use under acts of Congress.

And they go on to say that judgments should be rendered in metallic coins or in paper money the equivalent of such metallic coins, not the face equivalent but the purchasing equivalent. That began the practice of entering judgments in the two kinds of money. A breach of a contract to pay gold, under these cases, was compensated for by a judgment to pay the currency value of the gold, which was far beyond its nominal parity.

Mr. HATFIELD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from West Virginia?

Mr. REED. I yield.

Mr. HATFIELD. The paper money equivalent would be equal to the difference in the value between the paper money and the redeemer; that is, gold or silver on a silver basis.

Mr. REED. Precisely. Mr. President, enough of the constitutional question.

Mr. FESS. Mr. President, will the Senator yield to me before he leaves the constitutional phase of the question?

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield, and if so, to whom?

Mr. REED. I yield first to the Senator from Ohio, and then I will yield to the Senator from Florida.

Mr. FESS. In the list of prohibitions upon the States written in the Constitution it is provided that the States may not change the obligations of a contract.

Mr. REED. That is correct.

Mr. FESS. There was written no such inhibition on the Federal Government. The question has been raised, Why would the makers of the Constitution forbid that power to the State and not inhibit it to the General Government? The suggestion has been made whether that question is not answered by the provision forbidding ex post facto legislation.

Mr. REED. No. An ex post facto law is one passed after the event and is almost always applicable only to criminal or quasi-criminal cases. Such a law is an effort to make an act a crime or impose a penalty for an act after the act has occurred. That is what is meant by an ex post facto law.

Mr. FESS. To make a crime of some act that was not a crime at the time it was committed?

Mr. REED. Yes; but there is no question of crime involved here. In the last clauses of the fifth amendment, however, we find the due process of law limitation on the action of the Federal Government, and that has been construed in a long row of cases to prevent the taking of property by legislative action without suitable compensation to the person whose property is taken.

Mr. FESS. The query that is in the mind of many questioners is why the framers of the Constitution did not write an inhibition against the Government itself invalidating contracts when it did write such an inhibition with reference to the States.

Mr. REED. I remember there was some discussion of that, and it is reported, I think, in the *Federalist*, but I do not remember it sufficiently well to undertake now to repeat it. If any other Senator does, I shall be glad to yield to him at the moment.

Mr. FESS. My understanding is from reading the reports that the makers of the Constitution never assumed that the Government would perform that kind of an act.

Mr. REED. I think that was the real reason, but I do not remember the expression of it.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I yield.

Mr. BORAH. Mr. President, I have never seen any answer to the question which the Senator from Ohio asks. The debates on the Constitution give no intimation; there is no suggestion in regard to it, and I know of no answer to the question, except the fact that the framers of the Constitution simply did not do it. However, it can hardly be said that they did not do it because they assumed the National Government would not do such a thing when they did assume that the States would do such a thing, the States being composed of the same people who as a whole make up the National Government.

Mr. REED. I think probably, in all truth, it was an inadvertence, or if it was not an inadvertence, it was not considered a very necessary precaution. So far as I know, this is the first time that an act of the kind that is now pending before us has been presented in the American Congress.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. Yes.

Mr. FLETCHER. I should like to call attention for a moment to the opinion of Mr. Justice Strong in the *Legal Tender cases*, in which he said in part:

Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power.

I think the reason this matter of the impairment of contracts by the Federal Government was left out of the Constitution was because the framers of the Constitution wanted to preserve the absolute sovereignty of the Federal Government.

Then Mr. Justice Bradley said in his concurring opinion:

I do not understand the majority of the court to decide that an act so drawn as to embrace, in terms, contracts payable in specie, would not be constitutional. Such a decision would completely nullify the power claimed for the Government. For it would be very easy, by the use of one or two additional words, to make all contracts payable in specie.

Mr. REED. That, however, was not the majority opinion.

Mr. FLETCHER. No; that was a concurring minority opinion by Mr. Justice Bradley.

Mr. REED. Mr. President, let us leave off the discussion of the dry constitutional phase of this subject and return to the question of the essential honesty of it.

Last November 4, 3 days before the election, President Roosevelt made a speech in Brooklyn in which he criticized bitterly his adversary, Mr. Hoover, for having implied at Des Moines that the United States was in danger of going off the gold standard. After denouncing that "gospel of fear" this is what he said:

The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But that, my friends, as has been clearly shown since, was a libel on the credit of the United States.

Passing over the fact that a libel must be written and that President Hoover's Des Moines speech was only spoken, we will assume that Mr. Roosevelt meant "a slander upon the credit of the United States." Later on in his speech—

Mr. WHEELER. I understand the speech of President Hoover at Des Moines was written, so that it would be a libel.

Mr. ROBINSON of Arkansas. In any event, it was published.

Mr. REED. The speech may have been slanderous of the credit of the United States, and its printing and publication may have been libelous. It is evident, however, that Mr. Roosevelt meant to express the indignation which rose from the bottom of his soul at the very suggestion that anybody should say that the United States was in danger of going off the gold standard. To make that so plain that even the people of Brooklyn would understand him, he followed with this statement:

It is worthy of note that no adequate answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this position was; and I might add Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant, embodied in these securities—was as dubious as the President of the United States claims it was.

That shining knight, campaigning for the national honor, captivated the people of this country by those phrases; they elected him to office by an enormous majority, and he was inaugurated in March. It came to pass that it was necessary to borrow money in April, and on April 23 of this self-same year Mr. Roosevelt's administration put out \$500,000,000 in Treasury notes, payable in gold of the present standard and value. That was done on the 23d of April, Mr. President, by the administration of this honorable man, who said:

No responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant embodied in those securities—was as dubious as the President of the United States claims it was.

If that covenant is dubious today it was more so on April 23. If the United States cannot honor that promise now, it knew on April 23 that it could not. If the gold embargo is an excuse for dishonoring it now, the gold embargo was in force on April 23.

How can we, as a part of the Government of the United States, look in the face of the debtor to whom we sold bonds by making that promise less than 6 weeks ago? How can we face him in self-respect? We took \$500,000,000 of money from the people of the United States on April 23 in the reliance on their part upon our promise to pay in gold coin of the present standard of value. Never did any confidence man or trickster pull off a more dishonorable performance than that, if it was then in mind that we were to repudiate the outstanding promises of the United States to pay in gold or its equivalent.

The Supreme Court showed us back in the Civil War days how it is possible to pay in gold equivalent without trying to pay, as suggested by the Senator, \$2 of liability with \$1 of gold coin. What a feeble excuse that is for our repudiation—what a feeble excuse, when the Secretaries of the Treasury during the war time issued \$26,000,000,000 of gold bonds to carry on the war, every one of them containing that promise to pay in gold value, and at that time there was not in all the world mined gold equal to \$26,000,000,000.

Adding together all the coinage of all the nations, and all the gold that is used in the arts and all the gold that has been smelted since the smelting of gold ore began, it did not equal \$26,000,000,000, and to say that is an excuse now for dishonoring that promise is pitiful. As I tried to say to the Senator from Kentucky [Mr. BARKLEY] awhile ago, it is like saying to the whole population of the United States, "None of you may walk down Pennsylvania Avenue because you could not all do it at the same moment."

Money is a circulating medium, and yet the very suggestion that is made by our friends on the other side of the aisle is that the gold that pays these bonds ceases to circulate the instant it is paid, and that that which is paid to the first comer cannot circulate and cannot be brought back to the Federal Treasury for use to pay again. Any child who understands what money is could answer that suggestion.

Mr. HATFIELD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from West Virginia?

Mr. REED. I yield.

Mr. HATFIELD. The Government of the United States had a national debt represented in bonds that had been issued during the war days. A few years after the end of the war the bonded indebtedness of the Government of the United States was reduced by the then Treasurer of the United States between \$8,000,000,000 and \$9,000,000,000 notwithstanding there was only \$11,000,000,000 of gold in the world. Is not that true?

Mr. REED. That is quite true.

Mr. HATFIELD. Indicating that it is the velocity with which money moves that meets the obligations and not the amount of money.

Mr. REED. Why, of course. After all, if we will preserve a self-respecting currency of stable value with a recognized gold equivalent, nobody will ever ask for the metallic gold in payment.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. BARKLEY. Can the Senator from Pennsylvania or any Senator tell us how much of the \$8,000,000,000 or \$9,000,000,000 reduction was brought about by the payment of a single dollar in gold?

Mr. REED. I doubt if any was, because the money of the United States was on a self-respecting basis and the people were satisfied to accept a gold equivalent. Currency and gold were interchangeable, and as long as they are nobody wants gold. The people only want it when it is hard to get.

Mr. BARKLEY. Will the passage of this joint resolution make any form of money, either currency or metallic, any less desirable on the part of the people of the United States?

Mr. REED. Yes.

Mr. BARKLEY. Will they be any less willing to accept either gold or its equivalent, either in silver or currency based upon gold, as they have always been?

Mr. REED. The Senator asks the result. Its immediate result will be just as it has been of recent days, to drive down the gold value of United States currency. We have seen that in the foreign exchange quotations of the world. The dollar has been weakened and is pronouncedly weaker in its gold-purchasing power since this measure was introduced by the administration in the House of Representatives.

Mr. BARKLEY. Has there not been a corresponding increase in the value of commodities?

Mr. REED. Of course.

Mr. BARKLEY. Is not that one of the objects of the effort to bring about a restoration of commodity prices?

Mr. REED. Of course.

Mr. BARKLEY. And is it not—

Mr. REED. I hope the Senator will let me proceed without interruption for just a moment.

Mr. BARKLEY. Very well.

Mr. REED. There are two kinds of panics. One is the sort of panic where people want to get rid of securities and

get money in exchange. The other panic—and it is just as much panic as the first kind—is where they want to get rid of their money and get some kind of property in exchange.

That is what has been going on since March in this country. There is nothing in the business situation that would justify a rise in commodity and security prices so great as has occurred in these 3 months.

Mr. FESS and Mr. ROBINSON of Arkansas addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield, and if so, to whom?

Mr. REED. Let me proceed just a moment, and I shall be glad to yield to both Senators.

Mr. FESS. My observation is very pertinent to what the Senator is saying.

Mr. REED. I have no doubt the Senator from Arkansas was going to make a pertinent observation too.

Mr. ROBINSON of Arkansas. I presume the Senator from Ohio does not think so.

Mr. REED. I will yield to the Senator from Ohio.

Mr. FESS. I am sure the Senator from Arkansas had a pertinent observation to submit. On the subject of foreign exchange, letters coming from a personal friend of mine, who is in the Consular Service in France, state that his salary in May was 31 percent less in purchasing power than in April.

Mr. REED. That is because he received fewer francs for his dollar than he did a month before.

Mr. FESS. That is a practical observation.

Mr. REED. We have Army officers at present completing the building of some monuments in France. Wild appeals have come from them in recent days that their salaries, when translated into French francs, now are not sufficient to give them the barest livelihood over there. If we delude ourselves that the dollar has not gone down in gold value, we are just sticking our heads in the sand. It did not need to go down. We did not have to go off the gold standard; but we did it, and as a result, an inevitable result, prophesied then when that bill was pending, the dollar has gone down in its gold equivalent, and prices normally have gone up; but they have only gone up as expressed in our rubber money. They have not gone up anything like as much expressed in gold.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. I yield.

Mr. WHEELER. We went off the gold standard because practically every country in the world had depreciated its currency, and consequently our world trade was being wrecked by reason of those countries going off the gold standard. The world manufacturing trade was being captured by the Chinese and the Japanese and they were selling their manufactured products so low that our manufacturers could not compete. The result was that the manufacturing plants in the Senator's own State and in the New England States and all over the United States were closed, and millions of our people were walking the streets because of the fact that we were clinging to the gold dollar.

That is the cause of it, and the trouble is with Senators on the other side of the Chamber, or at least some of them, that under this administration, when we no longer want to cling to the fetish of the gold standard, they see commodities going up and people going back to work in their factories, and it makes them angry. Let me predict if we do remain on the gold standard and still keep the high-class dollar, it will be very difficult to say what will happen to the United States of America. It is difficult to say what would have happened if the theory and the idea now being advocated by the Senator from Pennsylvania had been continued.

Mr. REED. If the Senator's remarks are intended as a question, the answer is "no." [Laughter.]

Mr. WHEELER. Of course, I expected that answer.

Mr. REED. Of course, it is true that foreign countries have enjoyed a momentary advantage by depreciation of their currency. They have enjoyed it at the expense of their working people, just as today we are enjoying a sort of feverish prosperity at the expense of our working people because we have reduced their wages nearly 20 percent. They do not know it. They are beginning to suspect it as they see that their wages do not go so far in purchasing power. But the plain truth is, and in honesty we ought to say it to the working people, just as we warned them would be the case, that their wages have been cut 20 percent, and so we are better able to produce at their expense.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator now yield to me?

Mr. REED. I have been too yielding, but I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. A few moments ago the Senator declared that there are two kinds of panics. One kind is when those who have property are overanxious to get rid of it and exchange it for money. The other is when those who have money are overanxious to get rid of it in exchange for property. He stated that we are now in the midst of the second kind of panic, implying, I take it, that in his opinion commodity prices are now excessive. I wish to ask the Senator if that was the clear implication of his declaration that we now have a panic in which people are so anxious to get rid of their money that they are paying excessive prices for commodities?

Mr. REED. I do not know that I should say prices are excessive. They are not as high as in times of business activity.

Mr. ROBINSON of Arkansas. Will the Senator yield further?

Mr. REED. No; I will not yield until I have finished my thought. But I do say that the rise in prices here has been very much greater than it has been in the other nations of the world during the last 3 months. That is particularly true with reference to commodities that have a world-wide market. Take tin, for example. Pig tin has gone up from about 25 cents a pound in March to about 40 cents a pound now, a rise of 60 percent. There has not been any such comparable rise in Great Britain where tin is dealt with as actively as it is here. The same thing has happened with reference to copper. The same thing has happened with reference to a great number of commodities which are dealt in on a world-wide market, and to the extent that the rise here exceeds the rise in other markets I say it is a false and spurious rise.

Mr. ROBINSON of Arkansas. Mr. President, I would like to ask my final question on this subject. I do not wish to harass the Senator, as I think he knows.

Mr. REED. Yes; I know that. I yield to the Senator.

Mr. ROBINSON of Arkansas. With respect to the panic which the Senator says we are now experiencing because of the excessive prices of commodities, does he feel that the present prices of commodities in the United States and of property in the United States are so high that he can with any degree of propriety characterize them as indicating a panic?

Mr. REED. Yes, Mr. President.

Mr. ROBINSON of Arkansas. Let me finish my question. Does not the Senator feel that commodity and property prices are still so low that little property is moving, and the people are still holding to their money instead of exchanging it for property, and that this is the cause of the continuance of the depression, and to the extent that these facts and conditions exist the depression does continue?

Mr. REED. Mr. President, I desire to answer quite responsively.

I think commodity prices are still low. I want to see them go up for the good of the country; but I want to see them go up in a wholesome way, and not by false methods. I want to see my little grandson grow tall, but not by changing the yardstick that measures him. That is what is happening. Prices are growing tall, but we are using a rubber yardstick.

Mr. WHEELER. Mr. President, will the Senator yield right there?

Mr. REED. Yes; I yield.

Mr. WHEELER. Let me say to the Senator that the reason why our commodities were so low is this:

For instance, take the case of copper. The reason why copper was so low in the United States of America was because with the depreciated currencies of other countries, such as Mexico and Chile and Africa, they could send their copper to this country and sell it much lower than we could, because they were off the gold standard. The same thing was true of wheat. The same thing was true of cotton. The same thing was true of all commodities that had to be sold upon the world market.

I agree with the Senator that if those countries had come back to our standard and agreed upon a world value of gold and a world value of money it would not have been necessary for us to go off the gold standard. Certainly, however, one of two things was necessary, either that they should come back to the gold standard or else we had to go off it, or our markets were absolutely ruined.

Mr. REED. No; I do not agree at all. It was not necessary to do either of those things.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. REED. I have a notion to yield the floor. I beg the Senator's pardon for my impatience, but I have not had more than 1 sentence out of 10 in the last half hour. Will the Senator from Kentucky allow me to apologize to him and yield now?

Mr. BARKLEY. I will not only allow the Senator to apologize but I will allow him to proceed.

Mr. REED. I thank the Senator. I am almost through, Mr. President.

Last December the French Government repudiated their promise, to which they had pledged the national honor, to pay this Government an installment of interest upon the money that was advanced to them to aid them in reconstruction after the war period. They were amply able to pay; and I remember, as I look back to that, that I thought it was one of the greatest stains upon the honor of a nation that I had ever seen.

I want now almost to apologize for my thoughts at that time; because here are we, with the greatest reserve stock of gold that is possessed by any nation on earth, with our vaults literally bulging with it, with a comparatively moderate national debt, much lighter per capita than that of many other countries that are still paying their debts as they promised, with the ability to pay these interest coupons in gold undoubted, admitted; and we, by a statute which Congress is about to pass, I am afraid, are breaking a promise when we do not need to break it. We are saying to the people of the world—and I assure you that they are listening in other countries as well as this one—that the sacred promise of the United States is a scrap of paper only; that all the taunts we directed at France last December, or at Germany back in August 1914, about their failure to observe their solemn promises, are just as true of us as they were of them; that the honor of the United States is about to receive a stain from this action which we will not be able to erase for a hundred years.

Mr. President, it is nothing to treat flippantly. It is nothing to decide out of hand. I tell you, Mr. President, we are face to face with a crisis in American credit.

We will endure. The Nation is not going to explode into bolshevism. We will take the long upward path again, just as we did in 1878, and we will come back to honoring our promises in the specie in which we have promised to honor them. They did it then, those grandfathers of ours, and we can do it, and the national strength will enable us to do it. But for generations to come Americans will grow red around the ears when they think of the dishonest and dishonorable thing that this Congress did to the promise of the Nation, on the faith of which it took the wealth of its citizens into its coffers. When they think of what

we did, I hope they will look back to see that some of us protested against doing it.

Now, Mr. President, I move to amend the pending joint resolution on page 2, line 10, by striking out the words "heretofore or", so that the words will read:

Every obligation, hereafter incurred.

If Congress wants to abolish the gold clause in future bonds, all well and good. I should vote for such a measure. To do it in past bonds is what I am trying to avoid by the proposal of this amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Pennsylvania [Mr. REED].

Mr. KEAN. Mr. President, we have been here now some 3 months. During that time we have given the President of the United States authority under the Economy Act to reduce the expenses of the Government; and while a large majority of the Senate voted for that bill, I do not believe there is a Senator within the sound of my voice who approves the cuts made in the allowances to the battle-scarred veterans who rendered field service to their country in the Great War.

During the last session of Congress, day by day, the then distinguished junior Senator from Nebraska, Mr. Howell, arose to his feet and asked the Senate, "What are you going to do for the farmers?" My friend Senator Howell was a man of sterling character, sincere, able, and persistent. I had great respect for him and for his ability and courage. He rendered valuable service to his State and to his country while he was in the Senate. He has now gone to his reward.

But what have we done during this session for the farmer? We have passed a farm bill which taxes the processor for the benefit of the farmer. In other words, we have taxed one class of people to give a bounty to another, which I do not approve. But this is only a part of the bill, because in the same measure we gave power to the President to reduce by one half the number of grains in the gold dollar. We specified in the farm bill that the average price of wheat should be 88.4 cents a bushel. We specified that the average price of cotton should be 12.4 cents a pound. The prices at the time that bill was introduced were somewhere around 46 cents for wheat and 7 cents for cotton. As these were American prices and not foreign prices, it stands to reason that if the President reduces the gold dollar by one half, or to a value of 50 cents, wheat should at least double its price, which would practically be the equivalent of the price in the bill, and should cotton double its price that would be 14 cents; so that the farmer is fooled again.

When we forbade the exporting of gold, the value of the dollar in the markets of the world went down 10 percent. Two weeks ago it went down by another 5 percent; and almost daily since that time there has been a drop in its value.

This, of course, is a great boon to the speculator, and the stock market is boiling, but the majority of our people are not speculating. The man who, by the sweat of his brow and by denying himself, has put away money in the savings bank, or bought a Government bond, has lost in the last 2 months 18 percent of his savings. If we keep on, he may lose 50 percent of his savings.

It is going to take some time before the wages of the man who works for wages catch up to the rapid decrease in the value of the dollar; and while his expense of living is going to increase, it is going to be difficult for him to get his wages increased as fast as the dollar goes down.

I had hoped, when the President suspended gold exports, that that would only be a temporary measure, and that within a month or two, when grain and cotton bills began coming into exchanges, the effect would be that the United States would resume its position as a free gold country.

The Assistant Secretary of the Treasury appeared before the Banking and Currency Committee and said that he felt that the enactment of this joint resolution was essential to refinancing the Treasury. On the other hand, he acknowledged that practically all the Government obligations held by the banks that come due between now and the 1st of

January of next year are held by the Federal Reserve banks; and as we passed the bill here giving the President of the United States authority to issue such bonds as he pleases, and practically to put them in the portfolios of the Federal Reserve banks, there is no excuse for going off the gold basis at this time, because all the President has to do is to offer those certificates to the Federal Reserve banks, and they will take them in exchange for the bonds that come due between now and the 1st of next January.

Mr. President, the Assistant Secretary of the Treasury also acknowledged that in Mr. Cleveland's time we bought gold so as to preserve the gold basis of the United States. He said that he was unwilling to buy it now because he thought that this was an easier way to handle the matter.

I am one of those who went out among the people and urged them to buy Liberty bonds. I told the organization which was formed for the purpose of selling Liberty bonds to the people that my boys and their boys were in the front lines, and that perhaps the failure of the loan might jeopardize their lives, and that therefore it was their duty and my duty to see that the bonds were sold. I said to them that Mr. Morgan and Mr. Rockefeller were only pikers when it came to selling a billion dollars of bonds, that there was but one place where a billion dollars could be had, and that was out of the pay rolls of the United States, and that their organization must have a representative stand at the paymaster's windows and insist that every man, when he got his wages, should take his share of this loan.

These bonds were pledged on the faith of the United States, to be payable in gold. Some of the people who bought them still hold those bonds. They represent the sweat and toil of the workers of the United States.

Much of the money realized on the bonds was loaned to foreign governments, and we are now asked not only to repudiate the contract made by a Democratic administration during the war, but it is also proposed that we relieve the foreign governments of a part of their debt, and saddle it on the back of the workingman of the United States.

The United States is not bankrupt. Its people still have courage to go ahead. They still have courage, if properly led, to pay their honest debts in honest coin.

The working people, the widow and orphans, the poor people of the United States, are going to suffer if this measure shall be enacted. I pray that God may help the people of the United States.

Mr. BORAH. Mr. President, there are two questions which seem to be presented by this joint resolution. One of them is the constitutional question, the other a question of policy.

Mr. JOHNSON. Mr. President, will the Senator yield while I call a quorum? This is the most important measure we have had before us.

Mr. BORAH. I yield.

Mr. JOHNSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Kendrick	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Bachman	Dickinson	King	Robinson, Ind.
Bailey	Dieterich	La Follette	Russell
Bankhead	Dill	Lewis	Schall
Barbour	Duffy	Logan	Sheppard
Barkley	Erickson	Loneragan	Shipstead
Black	Fess	McAdoo	Smith
Bone	Fletcher	McCarran	Stelwer
Borah	Frazier	McGill	Stephens
Bratton	George	McKellar	Thomas, Okla.
Brown	Glass	McNary	Thomas, Utah
Bulkley	Goldsborough	Metcalf	Thompson
Bulow	Gore	Murphy	Townsend
Byrd	Hale	Neely	Trammell
Byrnes	Harrison	Norris	Vandenberg
Capper	Hatfield	Nye	Van Nuys
Caraway	Hayden	Overton	Wagner
Carey	Hebert	Patterson	Walsh
Clark	Johnson	Pope	Wheeler
Connally	Kean	Reed	White

Mr. LEWIS. I desire to announce the absence of the senior Senator from Colorado [Mr. COSTIGAN] because of illness, he now being confined to his home.

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. BORAH. Mr. President, there are two questions presented by this joint resolution. One is a constitutional question, the other a question of policy.

Our authority to pass the joint resolution has been doubted, particularly outside of this Chamber. It seems to me that the authority within the Constitution for the enactment of such a measure is fairly well established by the decisions of our Supreme Court in construing the Constitution of the United States. The Constitution provides, as we recall, that—

The Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

The Supreme Court has construed that provision of the Constitution to mean that the Congress has full and complete and plenary power over the entire subject of money. Originally—and indeed it was so argued during the consideration of the legal tender laws—it was supposed that this clause authorized Congress to deal only with the subject of metal money, but the Supreme Court has clearly established, and the country has accepted for over a half century, the authority of the Congress to control and deal with the entire subject of money, anything from paper to gold.

The power is unlimited, and that power cannot be circumscribed or embarrassed either by previous acts of Congress or by contracts entered into by private parties. The power of Congress over our monetary system is free and full at all times.

If the Congress sees fit to establish a certain monetary system, and if by reason of that act certain rights spring up, in contracts or otherwise nevertheless, it may modify or change or reestablish the monetary system, notwithstanding that the effect of doing so may control or, in a sense, impair obligations theretofore incurred. I am now discussing purely the constitutional question, and not the question of policy, or some would say the moral question.

Congress may deem it wise to establish a certain monetary system today, and it may establish another system in subsequent days, and whatever change takes place in values, in property or in contracts, by reason of the action is change which is inevitable in the exercise of the constitutional power of Congress.

Something has been said this morning to the effect that such action on the part of Congress as is contemplated by this joint resolution would impair the obligation of contracts. As I have said, I am now considering purely the legal question. The Federal Constitution makes no prohibition such as is found in the Constitution with reference to the States.

Assuming, for the sake of the argument, that the effect of the enactment of the joint resolution would be to impair the obligations of the Government, as a legal proposition there is no prohibition on the authority of Congress to exercise that power.

The Supreme Court in the *Legal Tender* cases (12 Wall. 550), referring to this question, said:

It is then clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul and in other cases to impair the obligation of contracts. And it is no sufficient answer to this to say it is true only when the powers exerted were expressly granted.

If, then, the Legal Tender Acts were justly chargeable with impairing contract obligations, they would not for that reason be forbidden unless a different rule is to be applied to them from that which has hitherto prevailed in the construction of other powers granted by the fundamental law. But, as already intimated, the objection misapprehends the nature and extent of the contract obligation spoken of in the Constitution. As in a state of civil society property of a citizen or subject is ownership, subject to the lawful demands of the sovereign, so contracts must be understood as made in reference to the possible exercise of the rightful authority of the Government, and no obligation of a contract can extend to the defeat of legitimate Government authority.

Notwithstanding the fact that contracts between private parties had been made, based upon the monetary system

which has obtained, notwithstanding the fact that the Government had issued its obligations payable in gold, these contracts and these obligations were taken with the understanding that the power of the Government was such that it could change its monetary system and thereby affect the contracts entered into either by private parties or issued by the Government.

The Senator from Pennsylvania [Mr. REED] referred to the fifth amendment to the Constitution with regard to the due-process-of-law clause. That question was also passed upon by the Supreme Court, and it said:

Closely allied to the objection we have just been considering is the argument pressed upon us that the Legal Tender Acts were prohibited by the spirit of the fifth amendment, which forbids taking private property for public use without just compensation or due process of law. That provision has always been understood as referring only to a direct appropriation, and not to consequential injuries resulting from the exercise of lawful power. It has never been supposed to have any bearing upon, or to inhibit laws that indirectly work harm and loss to individuals. A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo, be enacted, or a war be declared? By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law? Was the idea ever advanced that the new regulation of gold coin was against the spirit of the fifth amendment? And has anyone in good faith avowed his belief that even a law debasing the current coin, by increasing the alloy, would be taking private property?

Or impairing the obligations of contracts?

I do not think it is necessary, Mr. President, to discuss the constitutional question at length. I merely call attention to those decisions. It is true that at the time those decisions were rendered there was a divided court, but since that time the principles announced by the majority of the court have been accepted by the country, and Congress has accepted them. Even at this session we have acted upon the theory that Congress has the power to control the entire subject of money and thereby indirectly to affect contractual obligations, or, as some would claim, to take property without due process of law.

Mr. LOGAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. LOGAN. If Congress may change the amount of gold in the dollar, and such action is legal as it affects contracts which provide that payment shall be made according to a certain standard of weight and fineness, I should like to ask the Senator from Idaho if Congress might not also pass a law which would change the weight or measure of any commodity that was sold? If a contractor had bought a million bushels of wheat, could Congress then say that 28 pounds should constitute a bushel of wheat, and would that be no impairment of the obligation of a contract, calling the attention of the Senator to the fact that Congress is vested with the power to regulate weights and measures as well as to coin money and fix the value thereof?

Mr. BORAH. I think Congress may establish a system of weights and measures which might be different from the system obtaining at any particular time.

Mr. LOGAN. Does the Senator think that such action would not be the impairment of the obligation of a contract?

Mr. BORAH. If it were the impairment of the obligation of a contract, there is no prohibition in the Constitution of the United States against Congress impairing the obligation of a contract, if Congress in the exercise of its constitutional powers affects the terms of a contract that the citizen undertakes to accept.

Mr. LOGAN. That is very true, but it seems to me, as a matter of general law, that if a man buys a million bushels of wheat when 56 pounds constitute a bushel, if Congress

should pass a law reducing the weight of a bushel we could not, by passing such a law, take half the wheat which he has purchased away from that man.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I yield.

Mr. NORRIS. I am going now to read from the *Legal Tender cases* (12 Wall. 549), which I think will answer the question of the Senator from Kentucky [Mr. LOGAN].

We have been asked—

Said the Court—

whether Congress can declare that a contract to deliver a quantity of grain may be satisfied by the tender of a less quantity. Undoubtedly not. But this is a false analogy. There is a wide distinction between the tender of quantities, or of specific articles, and a tender of legal values. Contracts for the delivery of specific articles belong exclusively to the domain of State legislation, while contracts for the payment of money are subject to the authority of Congress, at least so far as relates to the means of payment. They are engagements to pay with lawful money of the United States, and Congress is empowered to regulate that money.

Mr. LOGAN. Mr. President, I agree that that is sound, and an answer; but where the contract made by the Government or by private individuals specifically provides that it shall be satisfied in gold of a certain weight and fineness, then it follows, I think, under the principle announced in what the Senator from Nebraska has just read, that it becomes a commodity and not a legal value.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. BARKLEY. The power of Congress over contracts, not only between the Government and private individuals but between private individuals, is broader than even the question of regulating the value and the quantity of any given metal. It applies likewise to interstate commerce. The Senator may recall the case upon which the Supreme Court passed where a man or his wife, or both of them, were injured by the Louisville & Nashville Railroad, and, as compensation for that injury, the railroad agreed to give to each of them, or both of them, a pass over all its lines for the remainder of their lives. That was stipulated in a written contract. Congress, however, came along and finally passed a law making it unlawful to issue such passes. The parties to the contract, the injured persons, brought suit for specific performance, and the Supreme Court held that such a contract must be subject to the sovereign power of Congress to regulate commerce and therefore could not be enforced.

Mr. LOGAN. Mr. President, I simply want to observe that I happen to be very familiar with the case mentioned by my colleague because Colonel Motley was an old friend of mine and resided in my town at the time, and I have always been absolutely satisfied, in my own mind, without the least lingering doubt, that the Supreme Court decided the case wrong.

Mr. BORAH. As I understand the principle with reference to the power of Congress over money, it may exercise that power, and whatever loss or injury results in the exercise of that power is a loss or injury which the citizen must accept. Every person contracts in the light of the power of Congress to change, modify, or wholly reestablish the kind of money which must be accepted as lawful money. If this were not true, the Congress would be shorn of its power through a previous expression of its wisdom on the subject to the utter exclusion of its later wisdom under wholly different circumstances.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I yield.

Mr. GORE. I believe the Senator is departing from the point on which I wish to ask him a question. He remarked a moment ago that there was nothing in the Constitution

which prohibits Congress from impairing the obligation of a contract. I am not certain that is true. There is an express provision prohibiting the States from impairing the obligation of a contract, which evidences that, in the conscience of those framing the Constitution, the impairment of the obligation of a contract was not a desirable power to be vested in a State government, either because they thought the impairment of such an obligation was a breach of faith or was an unsound policy. That language is not in the Constitution as related to Congress, and cannot be, in those express terms, because the Constitution in the bankruptcy clause vests Congress in express terms with the power to impair the obligation of a contract, and it prescribes the way in which Congress shall exercise that power through the enactment of a uniform rule of bankruptcy.

Bankruptcy presupposes that the debtor shall surrender his property to his creditor in liquidation of his debt. There is a rule that the expression of one thing is the exclusion of another. Congress can impair the obligation of a contract; there is not any doubt about it; it can make such an impairment through the enactment of a bankruptcy law. I think that reinforces the conclusion that it cannot do so in any other wise.

Mr. BORAH. Mr. President, I do not think, as a legal proposition based upon the decisions of the Supreme Court, that there is any doubt at all that the principle invoked with reference to the impairment of the obligation of contracts does not obtain with reference to the National Government, in dealing with the question of money.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. I will yield in just a moment. The National Government, in the exercise of its sovereign power, such as the coinage of money and regulating the value thereof, cannot be restrained by contractual relations. It would not be contended for a moment, I presume, that by reason of contracts, either of the Government under the authority of Congress or between private parties, there could be impaired, embarrassed, circumscribed, or limited the sovereign power of the Government to coin money and regulate the value thereof.

I now yield to the Senator from Virginia.

Mr. GLASS. Mr. President, does the Senator contend that it is competent for the Congress to declare that 12.9 grains of gold constitute 25.8 grains of gold?

Mr. BORAH. No; I do not contend that, but I contend that Congress may declare that a dollar with 12.9 grains must be accepted in payment of a dollar of 25.8 grains. It may fix the value of the dollar, the value of money.

Mr. GLASS. Is not that the contention, in the last analysis? When a contract requires the Government to pay the holder of its obligation 25.8 grains, is it competent for Congress to say that the Government shall pay him 12.9 grains?

Mr. BORAH. I contend when an individual takes an obligation payable in gold, specified as suggested by the Senator, that he takes it with the full understanding that the Government may change its monetary policy at any time and that he must accept whatever the Congress says at a particular time shall constitute money. I am not discussing now a commodity contract; I am discussing a contract to pay dollars.

Mr. GLASS. I submit that it does not relate to the monetary policy of the Government at all. The contract does not say that the Government shall pay so many dollars. It says the Government shall pay so many grains of gold, to wit, 25.8 grains. Is it competent for Congress to say that contract is fairly met if the Government says it will pay only 12.9 grains? The contracts provide that the Government shall pay so much money of a certain weight and fineness.

Mr. BORAH. Yes; but it is money. It is dollars to be paid, although the dollars are supposed to be so much gold, but it is dollars.

Mr. GLASS. Yes; but it is money of a certain weight and fineness.

Mr. BORAH. Exactly; but if the Government sees fit to change the weight and fineness and still make it money, the individual must accept the money of the weight and fineness fixed.

Mr. GLASS. In other words, the Senator contends that the Government can legitimately declare that 2 ounces make a pound?

Mr. BORAH. No; I do not declare anything of that kind. I contend the Congress may fix the value of the dollar as to its gold content. I declare that when the Government says it will pay a certain number of dollars, and designates those dollars of a certain weight and fineness, it may thereafter exercise its power to name what the dollar shall be and to say that the dollar shall be of a different weight and fineness, and the individual must accept that dollar. That is what was decided by the court of last resort in England only a few days ago. I am not to be confused by treating these contracts as contracts to deliver a commodity; they are contracts to pay money, and Congress may control them, because they are contracts to pay money.

Mr. WHEELER and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield to the Senator from Montana, who, I think, rose first.

Mr. WHEELER. I want to call the attention of the Senator from Idaho to the fact that by the acts of February 7, 1862, July 11, 1862, March 3, 1863, March 3, 1864, June 3, 1864, March 3, 1865, and March 18, 1869, all Government bonds were payable in coin, meaning both silver and gold. Then the Congress of the United States demonetized silver and thereafter those bonds were payable only in gold.

If the price of silver had been higher than the price of gold, we would have had exactly the same situation, because of the fact that the Congress would in effect have repudiated a former contract. It was said by Daniel Webster that the demonetization of silver was unconstitutional because of the fact that the bonds had been payable in coin of the United States, but the Supreme Court did not take that view of it.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. BARKLEY. Is it not true that the Supreme Court of the United States has held that the United States Government cannot make a contract with any person that operates to deprive it or divest it of its sovereign power to deal with the subject?

Mr. BORAH. The Government cannot contract away its sovereignty. Neither can it legislate away its sovereignty. If it legislates this year touching the subject of money, it may exercise it differently another year, and any legislation theretofore obtaining would not be controlling as to subsequent legislation. It may repeal or modify statutes touching the money question the same as it may repeal other laws.

Mr. BARKLEY. But if the Government, either by legislation or by contract which is the result of legislation or made in pursuance of legislation, entered into a contract with reference to the weight and fineness or value of any money, either metallic or other kind, which would deprive it of its right to deal with it in the future, that would be in effect a surrender of its sovereignty.

Mr. BORAH. Exactly.

Mr. GLASS. Mr. President—

Mr. BORAH. I yield to the Senator from Virginia.

Mr. GLASS. If I may be permitted, whatever the Supreme Court has decided, if my neighbor agrees to pay me 10 bushels of wheat for a consideration given, and at an appointed time, notwithstanding his ability to do otherwise, he paid me only 5 bushels of wheat, I would regard him as a thief and would never make another contract with him.

Mr. BORAH. The Senator is now discussing the moral question or the question of policy, which I said a few mo-

ments ago I was not discussing while discussing the legal question. He is also confusing a contract to deliver a commodity with a contract to pay money. What I contend is that it is impossible for Congress to commit itself against the future exercise of its power to coin money and regulate the value thereof in any way that it sees fit. It could not issue bonds and by the issuing of bonds commit itself to certain policies for all time to come and deprive itself of the exercise of its judgment in a different emergency and under different circumstances. What it should do as a matter of policy is another thing, but what it may do as a matter of law there can be little doubt.

Mr. GLASS. As I said to the Senator, I am not contesting the point that the Senate can exercise its constitutional right to coin and fix the value of money. I do not think that is involved. I think what is involved is that the Government has agreed with the holders of its bonds to pay them 28.8 grains of gold of existing fineness, and if it pays them any less than that it is repudiation.

Mr. BORAH. That comes back to the question of policy which I am going to discuss in a few moments.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I yield.

Mr. GORE. A moment ago I failed to make this point which I rose to make. The Senator said there is nothing in the Constitution which prohibits Congress from impairing the obligation of contract. Those of us who think Congress has not that power are not called upon to show the prohibition of such power in the Constitution. It devolves upon those who assert the power to cite the section and clause in the Constitution which grants the power to Congress for the Government to violate its contract.

I have always felt that the fifth amendment, which prohibits the taking of property without due process of law and without just compensation, applies in this instance, and I put this question to the Senator: He owns a horse worth \$100. Can the Government of the United States confiscate or commandeer that horse without paying the Senator just compensation?

Mr. BORAH. That, in my judgment, has no relevancy to the subject which we are now discussing. We are discussing contracts to pay money, to pay dollars, and Congress may compel a person to accept a dollar of a different gold content in satisfaction of a dollar of a certain gold content. A dollar is a dollar under the decree of the Government, whether it has one gold content or another. Let us keep away from commodity contracts. They throw no light on the issue here.

Mr. GORE. Suppose the Senator sells me the horse for \$100 and takes my note for \$100; can the Congress enact a law to confiscate that note and take the value of the Senator's horse away from him without any compensation?

Mr. BORAH. No; the Congress cannot enact a law to confiscate the note, but the Congress could enact a law changing its monetary system which might result in reducing the value of the note. Undoubtedly it could do that.

Mr. GORE. That brings me to this point, and then I shall not disturb the Senator further. A bond of the United States is the promise of the Government to pay a fixed sum of money at a fixed date in the future with interest. A Treasury note is the promise of the Government to pay, not at a fixed time. Sometimes that promise is to pay on demand and sometimes that promise is to pay bearer. We have just enacted a law authorizing the Government of the United States to liquidate its interest-bearing bonds payable in gold with Treasury notes payable to bearer.

A Government bond is nothing but the Government's promise to pay in the future with interest. A Treasury note is nothing but the Government's promise to pay either on demand or to bearer. When we authorized the Government to pay its bonds with Treasury notes, we authorized the Government to discharge one promise to pay, bearing interest payable in gold, with another promise to pay not bearing interest and not payable in gold.

Does the Senator think that it is good faith for the Government to pay off one promise to pay, bearing interest payable in gold, with another promise to pay which does not bear interest and is not redeemable in gold?

Mr. BORAH. Mr. President, that raises the question of policy which I am going to discuss later.

Mr. GORE. I have a quotation from Charles Sumner debating this very point in 1868, in which he referred to repudiation, which I shall not do. I shall ask later to have it inserted in the RECORD. I do not wish to disturb the Senator for that purpose at this time.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER (Mr. BYRD in the chair). Does the Senator from Idaho yield to the Senator from Georgia?

Mr. BORAH. I yield.

Mr. GEORGE. Before the Senator leaves the constitutional question, is not this the situation? That Congress, exercising the power of the Congress, is not expressly restrained from violating a contract; that the coinage of money and the fixing of the weight and value of it is one thing, is a power that cannot be impaired and cannot be contracted away, cannot be limited, cannot be whittled down in any sort of imaginable process, but that the protection of a valid contract is an altogether different question.

The only inhibition that the Supreme Court has ever been able to find under our Constitution on the power of the Federal Government to violate a contract is found in the fact that a valid contract is property, and property cannot be taken without due process of law and without paying for it. But that is one question, the protection of a contract, and the exercise of the sovereign power to coin money and to fix its value is altogether a different question.

Mr. BORAH. Certainly.

Mr. GEORGE. One is absolutely sovereign and the other is very closely related to municipal laws.

I have no difficulty in reaching the conclusion that the Congress may fix the weight and fineness of the gold content or of the silver content as to value, which will, of course, control all contracts then in existence as well as contracts thereafter made. So long as those contracts merely call for the payment of money, when the Congress has declared a certain thing to be legal tender, that legal tender is tenderable in discharge of the debt. I have no question that as between individuals who have undertaken to prescribe by contract terms the payment of a specific kind of money of a specific value, the Congress may nevertheless declare a different thing to be legal tender, and that such a declaration of Congress should be binding as between the parties.

There is a serious question in my mind on this phase of the matter and this phase only. For instance, at the time when the Government issues its bonds or obligations it has exercised its sovereign power. It has provided for the coinage of money and has fixed the weight and value thereof. In precisely the terms of that money, weight and value thereof as fixed by the Congress, under that valid act of Congress, the Government contracts to pay a certain number of dollars of that specific kind and description. The question is not whether the Congress may not exercise its constitutional power to coin money and fix the value thereof different both as to quantity and fineness, but the question is whether that contract itself comes within the protection of the principle which our Supreme Court has recognized. That is to me the only question that arises out of the pending joint resolution, and the only close question on the naked matter of law or constitutionality. Of course, the question of policy and of morality I am not discussing.

I take this view of the matter: In that I may be wrong, but I want to ask the Senator, with this long preliminary statement, whether this is his view:

That a contract calling for gold of the present weight and fineness is, after all, a contract calling for the payment of money; and the descriptive terms entering into that contract are, after all, to be tested by the cardinal principles by which all contracts are tested, to wit, the intent and meaning of the parties to the contract.

If the contract is dischargeable in money, although the contracting parties go further and undertake to describe specifically the kind of money, it is nevertheless a contract calling for a money payment. If it is, it falls clearly within the control of the Congress itself, which, in the exercise of its sovereign power, may from time to time, from day to day, vary the content of the money or legal tender.

That I understand to be the effect of the English case to which the Senator referred. Without having read the case closely, it seems to me that the English court said that although the contracting parties had undertaken to define precisely the kind of money so far as its quality and quantity were concerned, nevertheless it was a contract dischargeable in money. I go further in my own reasoning—that the courts would always be disposed and must always be disposed to regard a contract so written as one dischargeable in money, because to give it any other effect is to tend, at least, to limit and to restrict the exercise of the sovereign power placed in the Government—in the Congress, in this instance—to coin its money and fix its value.

I think, if I understand the Senator, that our views are perhaps very similar upon the legal phase of the question.

Mr. BORAH. I agree entirely with the Senator, if I understand his conclusions.

In other words, when the Government agrees to pay a \$1,000 bond, it agrees to pay a thousand dollars, and then it defines the dollar of a certain weight and fineness of gold. But it is an agreement to pay money; and the Government may change the content of the money, and the bondholder must accept what the Government designates as money, although it may be of a different weight and fineness. That is precisely what the English decision decided.

I did not intend to take up the time on that phase of the matter, however.

Mr. WHEELER. Mr. President, if the Senator will pardon me, it would seem to me that the Government would not have any right to enter into a commodity contract of that kind under the law.

Mr. BORAH. It does not assume to enter into a commodity contract. It does not assume to pay a certain amount of bullion. It agrees to pay so much money, and defines what the dollar is, and so forth; but it does not agree to deliver so much bullion. It is not a bullion contract and is not so regarded. It is a negotiable instrument. The dollar sign is printed all over it.

Mr. GLASS. Mr. President, may I ask the Senator a question?

Mr. BORAH. I yield.

Mr. GLASS. Suppose a great house such as Tiffany, engaged in the manufacture of various articles composed partially or altogether of gold, such as gold plate and gold trinkets and gold watches, with large values, had a contract with the United States to pay them, in return for the surrender of their bonds, so many gold dollars of 25.8 grains, desiring the gold for use in their manufacturing establishment. Would it not be virtual confiscation of their property to pay them in gold of one half that value?

Mr. BORAH. If Tiffany & Co. had an agreement from the Government of the United States to pay so many dollars of a certain weight and fineness of gold, undoubtedly the Government could treat that as money; and in its future legislation, if it changed the value of the money, they would have to accept the value as determined by the Government.

Mr. GLASS. In other words, then, they would have confiscated the property of the contracting party.

Mr. BORAH. That very question came up in the *Legal Tender cases*, and the Supreme Court held that it was not a confiscation.

Mr. GLASS. Oh, yes; I know there are differences of opinion; and the Supreme Court was packed in order to get that decision in the *Legal Tender cases*.

Mr. BORAH. I disagree very strongly with the view of the Senator that the Supreme Court was packed; and that contention has been answered so completely and so fully that I do not think it can be justly charged at this time. That

was a charge born of the fierce politics of the day, but time has proven it to be false.

Mr. GLASS. It was so completely believed that the man who was put on the court to render the decision went down in history as infamous.

Mr. FLETCHER. Mr. President, may I call the Senator's attention to the fact that in the case of *Julliard* against Greenman, reported in *One Hundred and Tenth United States Reports*, page 421, decided March 3, 1884—1884, not in war time—

Mr. BORAH. Yes; I have that case here.

Mr. FLETCHER. In that case the court upheld the exercise of the same power as in the *Legal Tender* cases, and said:

The power of making the notes of the United States a legal tender in payment of private debts, being included in the power to borrow money and to provide a national currency, is not defeated or restricted by the fact that its exercise may affect the value of private contracts. * * * The question whether at any particular time, in war or in peace, the exigency is such, by reason of unusual and pressing demands on the resources of the Government—

And that is the condition now. There is an exigency, and there is an emergency, and there are unusual pressure and demand upon the Government—

that it is, as a matter of fact, wise and expedient to resort to this means, is a political question, to be determined by Congress when the question or exigency arises, and not a judicial question, to be afterward passed upon by the courts.

Mr. BORAH. Yes; I am fairly familiar with that decision.

Mr. GORE. Mr. President, one commentator upon the case—

The PRESIDING OFFICER (Mr. THOMPSON in the chair). Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I will yield to the Senator from Oklahoma for a question.

Mr. GORE. I desired to make an observation on the case just referred to by the Senator from Florida. It will take only a moment.

Mr. BORAH. Very well.

Mr. GORE. One commentator on the case just cited by the Senator from Florida used these words—that it approaches perilously near to the doctrine of inherent sovereignty; the point being that the United States, under that decision, has certain inherent powers of sovereignty not derived from the Constitution of the United States. That shipwrecks the whole theory upon which our institutions are founded—

Mr. BORAH. I do not rely upon the doctrine of inherent sovereignty.

Mr. GORE. One moment; which is that the Government of the United States is one of limited powers and not of unlimited powers.

Mr. BORAH. Exactly; and that is what I am discussing. I am not asserting the existence of kingly powers or monarchical powers. I am relying upon the express terms of the Constitution of the United States, which gives Congress, without limit or embarrassment or being circumscribed in any way, the power to coin money and regulate the value thereof. It may do that as often as the exigency seems to demand it; and the fact that it does it today in one way, and establishes one weight and fineness today, and establishes another a year from now, does not in the slightest degree impair the power of the Government to do that thing.

Now, Mr. President, I want to say just a word about a matter which the able Senator from Virginia referred to awhile ago when he said that the Supreme Court was packed when it made the decision in the *Legal Tender* cases.

That proposition has been answered so fully and so completely that it seems to me unnecessary to go into it; but I may say that if the court at that time rendered a decision which seemed to be doubtful in the minds of many people, it is no longer a matter of doubt. Long afterward, and after all the conditions and the passions and the excitement of the war were over, the Supreme Court of the United States took up the case again, and, in time of peace,

held that it was within the power of the Government of the United States to make paper money a legal tender for the payment of debts contracted either prior to the time the act was passed or after the act was passed. The *Legal Tender* cases are no longer questioned, and the old political libel about a packed court cannot be revived at this time to throw doubt upon a decision, the principles of which have been accepted in legislation for more than half a century.

Mr. President, I desire to refer for just a minute to the English case, which seems to me to be pertinent in view of the discussion which has just taken place.

The facts of that case were as follows:

The plaintiff, a holder of one of the defendant's bonds, sought a declaration of his rights under the payment provisions of the bond providing that—

The company * * * will * * * pay to the bearer * * * in London, England, * * * the sum of £100 in sterling or gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928.

That was the agreement—that they would pay so much sterling, so many pounds of sterling, of a certain description, as follows:

* * * in sterling or gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928.

Both courts—the court to which the matter was first taken and the court of appeals—decided that the party must accept the sterling, which was then about 30 percent below the value at the time the contract was made. Why? Because while the contract designated a certain description of the sterling, of a certain amount of gold, nevertheless they held that it was in fact a contract for the payment of money, and that the question of money was under the control of Parliament.

Mr. GORE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I yield.

Mr. GORE. I wish to ask the Senator a question.

The theory of the British constitution is that Parliament is omnipotent. The commentators go so far as to say that Parliament could constitute a man judge in his own case, that seeming to be the extreme doctrine. Does the Senator think that a case rendered under such a constitution would be a precedent under a constitution where the fathers of this Republic were afraid that some day some Congress might undertake to deprive a man of his property without due process of law, and forbade that act?

Mr. BORAH. The Parliament of England has no more control over the money question than the Congress of the United States under the grant given in the Constitution. There is no limitation upon the power of Congress. It is not circumscribed in any respect whatever. It is given full and plenary power to deal with that subject; and therefore it is the same as if there were no Constitution whatever, as the Senator indicates in the case of England.

Mr. GORE. For the sake of the argument, and only for the sake of the argument, I think possibly that might be considered as true with respect to future contracts. I think a different point of morals and law and constitutional provisions would relate to past contracts.

Mr. BORAH. This was a past contract, however, upon which the court was passing.

Mr. GORE. Oh, in England; yes. It would not make any difference there.

Mr. BORAH. With reference to the English case, I read the following:

Only after some hesitation did the learned justice confess that he was swayed to the belief that the principal money secured by the bond was the definite sum of £100 sterling.

"And not an uncertain amount, to be ascertained on the day of payment by adding to the sum therein specified a further amount of sterling in the event of a decrease in the gold value of that specified sum." * * *

Lord Justice Lawrence argued that the gold clause— "does not and cannot * * * prevent bank notes, which under the acts of 1833 and 1928 are made legal tender, from

being legal tender. The plaintiff, under the express terms of those acts, is legally bound to accept bank notes in payment of the moneys secured by the bond, and upon such payment the indebtedness of the company under the bond would be discharged and the obligation thereunder extinguished. * * * A contract that a debt shall be discharged by payment in gold coins (being one form of legal tender) cannot abrogate the enactment by the legislature that the debt may be discharged by the payment of bank notes (being another form of legal tender)."

That seems to me to be directly in point upon this proposition. However, I have spent more time than I desired to spend upon the legal question.

Mr. President, the question of policy is a far more difficult proposition. It is a matter which certainly gives wide range for a difference of opinion. It is a matter which justifies legitimate debate and serious consideration upon the part of this body. I do not think anyone can claim that it is free from difficulty. I do not think anyone can claim that the course which is indicated by this joint resolution is one which is free from doubt. In other words, there are two sides to this proposition on the question of policy.

Changing the monetary system of a country is a serious matter at any time, and under any circumstances. It necessarily results in injury to some of the people. It necessarily results in property disadvantage to some of the people. It has that effect inevitably; and the question which we are called upon to determine in determining our vote, as I see it, is whether the policy to be adopted is in the interest of the people as a whole, even though it may work to the property disadvantage of a portion of the citizenship.

I read a paragraph from Senator Fessenden which seems to me to express the matter I am attempting to express far better than I can state it. He was Chairman of the Committee on Finance at the time the legal tender laws came before Congress for consideration. He was afterward Secretary of the Treasury. He said upon the floor of the Senate:

Say what you will, nobody can deny that it is bad faith. If it be necessary for the salvation of the Government, all considerations of this kind must yield; but to make the best of it, it is bad faith, and encourages bad morality, both in public and private. Going to the extent that it does, to say that notes thus issued shall be receivable in payment of all private obligations, however contracted, is in its very essence a wrong, for it compels one man to take from his neighbor, in payment of a debt, that which he would not otherwise receive or be obliged to receive, and what is probably not full payment. It is a contribution which every man is bound to make under the circumstances. We can take all the property of any citizen. That is what is called a forced contribution. * * * The question after all returns: Is this measure absolutely indispensable to procure means? If so, as I said before, necessity knows no law.

There can be no justification for this policy, Mr. President, in my judgment, except in the great necessity of the national situation. As I see it, our Government is not making a situation—it is meeting a situation. Our Government is not making a condition—it is meeting a condition. We are not hastening to change our monetary system. We are doing so after 3 years of painful experience which has cost our people millions.

Mr. REED. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. REED. What would the Senator say of the good faith or bad faith of this very same Government's issuing promises on April 23 of this year? The emergency was as great then as it is now, or greater.

Mr. BORAH. Mr. President, let me say, since the Senator has asked that question, that in May a year ago in discussing this question I indicated upon the floor of the Senate, and quoted a number of authorities to the effect, that we would inevitably be forced off the gold standard; that if we could not find some means other than through the monetary system of raising prices of commodities and lifting the masses of the people out of their then condition of distress, in order to protect ourselves against the cheap-currency countries of the world we would be compelled to go off the gold standard. There has never been a time in the last year and a half when I could see any escape from the United States abandoning the gold standard. I said then that the gold dollar was no longer an honest dollar;

that its constant appreciation was burying many of our people under debt and augmenting the values of the creditor.

What was in the minds of those who issued the notes upon the 23d day of April I do not know. If they issued them understanding that the conditions were such that at this time we would be stepping off the gold standard, it cannot be defended in morals, it cannot be justified. But if events since then have compelled them to take this course that exempts them from criticism.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. BARKLEY. Referring to the question asked by the Senator from Pennsylvania with reference to the issue of certain obligations on the 23d day of April carrying the gold clause, the Senator from Pennsylvania, I am sure, knows that under the law as it then existed, and as it now exists, those bonds had to be issued in that form under the law. If we were to issue similar obligations tomorrow, or next week, they would have to carry that clause, which is the basis of this legislation. So that there is no question of morality or bad faith connected with the April 23d transaction any more than would be connected with any other transaction, and as long as there are outstanding obligations of the United States carrying the gold clause, there never can be a repeal of the law under which they were issued without somebody raising the question that we are undertaking to repudiate past obligations.

Mr. BORAH. Mr. President, let us go further into the discussion of the situation as it presents itself at this time, because I am frank to say that the idea of a government not complying with its contract is a very distasteful proposition to me.

At the present time some 36 nations of the world are off the gold standard. The gold standard was adopted primarily because of the great value of gold as an international medium of exchange. It is no longer such. The world is today off the gold standard. That has resulted in great loss to the people of the United States for the last year and a half or 2 years. We have lost in trade, we have fallen in commerce, by reason of our effort to maintain the gold standard in a world which was upon a managed currency basis.

Mr. President, it is a question with me, and has been from the beginning, as to how long the United States could make a successful fight for the gold standard, single and alone, practically, with the exception of France, without bankrupting its people. It is said that we might continue to fight, and in time we might escape from the dilemma in which we now find ourselves; but in the meantime what would be the effect upon the masses of the people of the United States if we are to compare our stand in its future effect with the effect it has had for the last year and a half?

It is true that men who hold gold contracts will lose something when this legislation is enacted, according to the terms of the contracts. It is said that there are \$100,000,000,000 of obligations in which is found the gold clause. If that is true, then under present conditions the people would have to pay \$150,000,000,000 in order to satisfy the \$100,000,000,000 of debts. The appreciation of gold cannot be ignored in adjusting the equities of this situation. In other words, somebody in this fight for the gold standard must suffer, and suffer extremely.

The masses of the people of the United States have suffered intolerably, homes have been lost, farms have been lost, families have been scattered by reason of the constant fall of commodity prices, and it devolves upon the Government of the United States to find an escape from the present condition of affairs in some way or other. Our people have suffered, and much of that suffering, much of the sacrifice made, has been due to the appreciation of the dollar. How long can we continue such a course? And why should we continue? After all, while you may say contracts are sacred, supreme over contracts, supreme over any particular money system is the welfare of the people as a whole.

It is true that we have had some evidences of a return of prosperity. But let us not deceive ourselves. There is little

evidence of any permanent return of prosperity. Until we find a means by which we can restore to the great masses of the people the purchasing power which has been sacrificed, there will be no real permanent return of prosperity. I do not know how that is to be accomplished, with the entire world upon a managed-currency basis, and the United States upon a gold-standard basis.

What chance is there for a change? What chance is there that these nations upon a managed-currency basis are going to change their policy? To my mind, there is practically no chance. If we are to judge Great Britain's policy by the announcement which she has made, through her leading statesmen, she does not propose to surrender the advantage which she has by reason of the fact that she is now at the head of a group of managed-currency nations. It has been of stupendous advantage to Great Britain. I can well understand why, as Mr. Chamberlain says, they have no intention of going back to the former gold standard.

If they are not going back to the gold standard, how long can we continue the fight for the maintenance of the gold standard? They are taking our trade; they are taking our commerce; they are invading the home market by reason of the advantage which it gives them.

The question which is presented to me is, Shall we consider the interests of the great masses of the American people and establish a policy which has some assurance of more or less strength and return to the American people some degree of their purchasing power?

It has been said by the able Senator from Pennsylvania [Mr. REED], and has been said by the able Senator from Virginia [Mr. GLASS], that this would be repudiation. I am not prepared to controvert that fact. When the Government of the United States says that it will pay a certain amount in gold, and prepares to pay in a different currency, I am not prepared to controvert the proposition that that is repudiation. According to the terms of the bond, we are not complying with the obligations. The bondholders may well say, in the language of the immortal bard:

'Tis mine and I will have it.
If you deny me, fie upon your law!
There is no force in the decrees of Venice.
I stand for judgment:
Answer; shall I have it?

It was also said, however, in the same great play:

This bond doth give thee here no jot of blood.

While the bondholder technically has a right to claim the obligation according to its terms, the bondholder must take his position with the rest of the American people in the sacrifice which we are making and have made for the last year and a half or two years. If he collects the normal amount in the bond, then he gets more than the debtor contracted to pay. This appreciation of the dollar is outside the bond—it is the jot of blood. The situation cannot be remedied without someone suffering a loss. The bondholder must share with the others a part of that loss.

I can see no escape from our present awful condition without a change in our monetary system. I have not wanted to see the gold standard abandoned. I believe that if we had had the courage to deal with the silver question in an effective way, we might, by buttressing the gold standard with an additional supply of metal money, have maintained the gold standard. I think it would have been helpful, at least.

On the other hand, if we had seen fit to issue the amount of Treasury notes provided for in the Thomas amendment, I think we might surely have maintained the gold standard, although it would undoubtedly to some extent have decreased the value of the dollar, but not, in my judgment, materially or substantially. But in some way or other we must cease to pay tribute to the gold standard at the expense of the average citizen of the United States. In my opinion, that is what this joint resolution foreshadows as the policy of the Government, and for that reason I support it.

The able Senator from Pennsylvania has offered an amendment. I thought of that amendment myself after I read the report of the hearings. Suppose, however, we

struck out the words "or heretofore." That would leave the obligations now in existence payable in gold, and that certainly would accentuate and increase the value of those obligations beyond anything that was contemplated at the time they were issued.

It would be adding a vast amount of value to the obligations, and it does not seem to me that that would be a fair thing to do. Now, Mr. President, I concede that there is some harshness here. But we are dealing with a great national emergency. I would not legislate against the bondholder, but I would legislate in the interests of the Nation as a whole. If in doing so some detriment flows to the bondholder, then I say, "The Sabbath was made for man, not man for the Sabbath"; the bondholder was made for the country, not the country for the bondholder.

Mr. BARKLEY. Mr. President, I hesitate, after we have listened to the very able argument of the Senator from Idaho [Mr. BORAH], to attempt to add anything further to this discussion, but there are certain observations which I wish to make with reference to this proposed legislation in order that my own views upon it, both as to its legality and its morality, may become matters of record.

Much has been said here today with reference to the question of morality involved in the passage of a law by Congress authorizing or resulting in the repudiation of a contract, while the Constitution itself prohibits States from enacting similar legislation. I think, in order that we may understand that distinction, we must take ourselves back to the days when the Constitution was framed and realize what was in progress at that time among the Original Thirteen States.

It will be recalled that for nearly 8 years after the Revolutionary War had ended, and after the treaty of peace had been negotiated and agreed to, there was no government in the United States really worthy of the name. The very States themselves, which had been united in the war for freedom, began to fall apart with jealousies and envy, each one undertaking to erect around itself artificial barriers that would retard the progress of commerce and trade and even the recognition of the obligation of contracts on the part of citizens of the various States. The State of Virginia and the State of Maryland had a quarrel—a very serious quarrel—over the navigation of the Potomac River. The Legislature of New York passed an act prohibiting the importation of firewood from Connecticut into New York, and likewise prohibiting the importation of vegetables grown in Maryland and Virginia. When the Constitutional Convention met in Philadelphia, as the result of the conference held in Annapolis between Virginia and Maryland, and they were setting about to write a fundamental law of this land, setting up a nation, they were confronted with the question whether they would allow the various States, in the exercise of their sovereignty, to carry into legislation the envies and the jealousies which had grown up among them since the Revolution had been concluded.

It was for that reason that the commerce clause was written into the Constitution, providing that Congress, and Congress alone, should have the power to regulate commerce among the States and with foreign countries. Under the exercise of that power Congress could pass a law that would result in the nullification and the impairment of contracts between citizens of two or more States. If a citizen of the State of Pennsylvania should enter into a contract with a citizen of the State of Kentucky to ship in on a given date a certain commodity produced in Pennsylvania, Congress might thereafter enact a law that would prohibit the shipment of that particular article in interstate commerce, thereby nullifying the contract entered into between the citizen of Kentucky and the citizen of Pennsylvania. In the exercise of the power of taxation Congress can nullify contracts between citizens of the United States and the citizens of foreign countries, for any manufacturer in England or France or elsewhere in the world might enter into a contract to provide on a certain day for a certain price a given commodity produced in his country, such commodity to be shipped to the United States, and before its fulfillment Con-

gress might, in the exercise of its taxing power, levy a duty upon that article so high as to make it impossible for it to be brought in, or might even provide an embargo making unlawful the shipment of that particular commodity into the United States, the result of which would be not only the impairment but the nullification of a contract between a citizen of the United States and a citizen of a foreign country. Thus, Mr. President, the power was given to Congress in order that the various States, in the exercise of their power, having, as they had then, developed a spirit of envy and jealousy among themselves, might not enact legislation not only to nullify contracts between citizens of the State but to nullify contracts between citizens of the State and citizens of other States.

It has not been contended that Congress did not have the power, in the exercise of a reasonable degree of its authority, to pass legislation that would result—whether it was designed to do so or not—in the nullification and impairment of contracts. The States cannot pass bankruptcy laws; Congress has sole jurisdiction to enact bankruptcy laws applying to all the citizens of the United States; and in all such laws, from the very beginning until this moment, the question of the impairment or nullification of the obligation of contracts has always been uppermost. It is the very object of the bankruptcy law to permit citizens of States to go into court and provide for the discharge of their debts without the payment of a single dime, which, of course, not only impairs but nullifies the obligations of contracts.

Therefore I do not regard it as a question of morality or of immorality attaching to the Government of the United States because Congress, in the exercise of its supreme power, conferred upon it by the Constitution, has enacted from time to time legislation not designed to nullify contracts, not designed to impair the obligation of contracts, but, in the interest of the public and in pursuance of a sound public policy, has enacted legislation the result of which has been to impair and nullify contracts between citizens of the same State and citizens of different States of the Union.

It may be said that there ought to be a different standard set up by Congress or applied by Congress in its attitude toward private contracts between citizens and its attitude toward contracts of its own. I may be obtuse on that subject; my moral perceptibility may not be as keen as that of some others; but I do not see why there is any question of morality involved in the exercise of a supreme authority by the Government of the United States in the interest of all the people living in a republic under whose theory, at least, the welfare of all the people must be supreme to that of any one person. It is under that authority that we may declare war, and in the pursuance of that policy take the lives of our citizens, on the ground that the welfare of 120,000,000 people is supreme and superior to the welfare of any number of people who make up the 120,000,000. Therefore, in the exercise of our sovereign power, in the interest of our people, in order that our democracy, our theory of government, our principles, and our civilization may be preserved, we can destroy the lives of millions of our people on the theory that the good of all the people requires the sacrifice of some of them in the exercise of the policies of government.

Not only have we the power to do that, but in the exercise of the exclusive power conferred upon Congress to coin money and regulate the value thereof, the same principle is involved. I do not understand the word "coin" merely to mean the melting of gold or silver or copper into a liquid and then its coinage into money with the imprimatur of the United States Government printed upon it. The word "coin" there means not only to coin by melting the metal and converting it into dollars or half dollars or eagles or half eagles or nickels or dimes or pennies, money made of metal, but it means likewise the issuance of other kinds of money by the Government of the United States. The word "coin" means not only to coin in its narrow and restricted sense, but it means the power to issue; and it is under that power and under the definition of the word "coin" that all our

paper money is in circulation today. Every greenback, every national-bank note, every Federal Reserve note, every gold certificate, every silver certificate, now in circulation under the authority of the United States has been issued under this constitutional power to coin money and regulate the value thereof. It means, of course, to print or to issue; there is no other authority to issue money in the Constitution except under the particular section to which I am referring.

Mr. President, as to the question of the Government's contract or of any contract, to which the Senator from Pennsylvania has adverted, and which has been so ably discussed by the Senator from Idaho, let me say that these bonds, these obligations, carrying with them what is called "the gold clause", providing that they shall be paid in gold of the value and fineness that existed on a certain date prior, in one case, to 1910, and in another case, I believe, prior to 1900. If it be admitted—and it must be—that Congress can change that contract without involving the question of morality or legality by a change in the content of that dollar, it likewise has the power, it has the right, to change it as to payment in specie. In other words, if Congress has the power, which it does have, to say that, notwithstanding all these contracts that are outstanding, notwithstanding the fact that when those contracts were entered into the content of the gold dollar was 25.8 grains, Congress may tomorrow provide that the gold dollar shall contain 20 grains or 15 grains, thereby changing to that extent that contract.

Nobody denies that Congress can enact such legislation, for if it could not do it, its hands would always be tied; it would always be in a strait-jacket. So long as there was a single bond outstanding in the hands of any citizen carrying this obligation to pay in gold of a certain particular degree of fineness and value we never could escape from that strait-jacket until all our obligations were discharged and the United States Government occupied the anomalous and unusual position of owing nobody anything by reason of its obligations in writing. If the contention of the Senator from Pennsylvania and other Senators is to hold that so long as there is an outstanding obligation carrying the gold clause providing for payment in gold of a certain fineness and value, then we never can escape from that, and Congress and the Government would be utterly powerless to change it until we had by some miracle discharged all the debts that the Government of the United States owes, started over, after wiping the slate clean, and provided that in the future all bonds shall be payable not in gold but in legal tender.

By the way, we have in the act of May 12, as I recall, known as the "Agricultural Relief Act", which is a combination of several acts, definitely entered upon the policy of making all money of the United States, of whatever material it is made, whether gold, silver, copper, or paper, of equal value in the payment of all debts, public and private. Therefore, under the law enacted within less than a month, any obligation of the United States, or any obligation of any private citizen, may be paid in any money that is now outstanding under the power of Congress to coin and issue money under the Constitution.

Mr. ADAMS. Mr. President, will the Senator permit an inquiry?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. I yield.

Mr. ADAMS. I wonder if the Senator would be good enough to explain why in this joint resolution that is now pending, currency is excluded. The term "obligations" is used and the right to enforce the gold clause in an obligation is forbidden. I am asking the Senator for an explanation as to why currency should be excluded because, as I understand, our currency is payable in gold; and if our bonds are payable in currency, there is a chance, then, that currency may find its way back, seeking redemption in gold, and we are up against practical repudiation on the one side and against legal repudiation on the other.

Mr. BARKLEY. As a matter of fact, the Senator knows that the currency is redeemable in gold. Anybody who has

one of the bonds of the United States Government and is paid in currency under this joint resolution, if it shall be enacted, may take that currency and have it redeemed in gold, when the restrictions are lifted, if and when they are lifted, with reference to payment now of gold in discharge of the obligations of the United States which have been brought about by recent proclamation of the President operating under legislation passed at this session of Congress.

Mr. ADAMS. Then we are only going part way off the gold standard?

Mr. BARKLEY. As a matter of fact, we are not going off the gold standard except insofar as we have prohibited the exportation of gold and except insofar as we have restricted payments in gold for the time being. The law has not been repealed which says that gold shall be the standard of value in the United States. Even if the President should exercise this power to reduce the gold content of the dollar from 25.8 grains to 20 grains, the gold dollar would still be the standard of value in the United States. So we are not really legally off the gold standard except insofar as we have suspended gold payments. Gold is still the standard of value in this country. There may be a difference insofar as foreign countries are concerned, but so far as the people of the United States are concerned the sole standard of all our values will be gold until the Congress repeals that law, no matter how much the gold content may be reduced by proclamation of the President.

Mr. ADAMS. That is, the term "gold standard" has two meanings, one a standard of measurement like we use the yard for measuring cloth, and the other is that we are off the gold standard in that we are not paying out gold.

Mr. BARKLEY. That is correct. We are only in a very partial and superficial sense off the gold standard. So long as we do not pay our obligations in gold, so long as we prohibit the shipment of gold to foreign countries, to that extent we are off the gold standard; but if this should continue for 40 years, gold would still be the standard of value in the United States of America.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Montana?

Mr. BARKLEY. I yield.

Mr. WHEELER. I will have to disagree with the Senator that we are on the gold standard at this time.

Mr. BARKLEY. Legally, I say.

Mr. WHEELER. I have to disagree with the Senator in reference to that for the reason that our world commodities at the present time are not measured in value of gold, for the reason we cannot get gold and we are not paying gold, and consequently our dollar has gone down in its gold value in foreign countries. When that happened it was because of the fact that we were no longer measuring it in gold.

Mr. BARKLEY. Of course, what the Senator says is true in a sense, but I am speaking of the legality of the matter. There has been no enactment of Congress repealing the law that fixes the gold dollar as the standard of value. In order that the RECORD may contain it, I wish to read it. It is very short. It is section 314, United States Code Annotated, title 31:

The dollar consisting of 25.8 grains of gold nine tenths fine shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with that standard, and it shall be the duty of the Secretary to maintain such parity.

That is what I am talking about.

Mr. WHEELER. Of course, the law still remains upon the statute books, but the truth is that when we stop payment in gold and stop shipping gold, then our commodities cease to be paid for in terms of gold.

Mr. BARKLEY. That is true as a matter of practical operation, but we are on the gold standard and still will be until Congress repeals that section of the law to which I have just referred.

Mr. President, it has been contended that by the passage of the joint resolution now before us we are depriving somebody of something. Let us admit, for the sake of argument, that we are depriving them of a legal fiction, and in my

estimation that is about all it amounts to. A while ago, in argument with the Senator from Pennsylvania [Mr. REED], I referred to the fact that there are some twenty-odd billion dollars of outstanding obligations, payable in gold, on the part of the United States. The Senator undertook to draw an analogy between that situation and the 120,000,000 people of the United States trying to go down Pennsylvania Avenue at the same time. I do not need to refer to the entire indebtedness of the country. On the 15th of October 1938 there will fall due an issue of Liberty bonds to the amount of \$6,268,000,000. On that day, 5 years from now, every man and every woman who holds one of those bonds, amounting in the aggregate to nearly 6½ billion dollars, will have the right to march up to the Treasury of the United States and demand gold in payment under the terms of the bonds. How much gold is there in the Treasury with which to meet those obligations on that date?

Mr. McADOO. Mr. President, the Senator was looking directly at me. Does the Senator ask me?

Mr. BARKLEY. A little more than \$4,000,000,000.

Mr. McADOO. Does the Senator ask me the question?

Mr. BARKLEY. No; I am answering my own question.

Mr. McADOO. I thought I would answer it if the Senator desired.

Mr. BARKLEY. I am glad to have the Senator answer it because I am sure he can do it much more accurately than I.

Mr. McADOO. I should like to suggest to the Senator that the Treasury has no gold with which to redeem anything.

Mr. BARKLEY. Theoretically, it has.

Mr. McADOO. Actually, it has not. The Treasury never has any gold to redeem anything unless there is a surplus in the Treasury.

Mr. BARKLEY. But its reputation is that it has about \$4,000,000,000.

Mr. McADOO. It has an undeserved reputation, because, as a matter of fact, the Treasury does not own the gold.

Mr. BARKLEY. That makes the situation even worse. If we might assume there is now earmarked in the Treasury of the United States \$4,000,000,000, which is all the gold in the country, it would lack \$2,500,000,000 of being enough gold to discharge the obligations payable in gold on the 15th of March 1938.

Mr. McADOO. I concede that. The gold in the Treasury is earmarked, but is not earmarked for the benefit of the Treasury. It is earmarked for the benefit of the people of the United States who hold the gold notes of the United States.

Mr. BARKLEY. I understand that, and I am only answering the illustration of the Senator from Pennsylvania that if all the people of the United States were to be expected to walk down Pennsylvania Avenue at one time there would not be room enough for them, which is a ridiculous analogy. I am saying that we have built up over a period of years a legal fiction. In all probability there will not be a single bond of this more than \$20,000,000,000 payable in gold that will ever be paid in gold.

Mr. McADOO. I agree with the Senator about that.

Mr. BARKLEY. Therefore we are taking nothing away from any bondholder who holds the bonds, because they did not pay for them in gold in the first place, and they will not be redeemed in gold.

Mr. McADOO. We are depriving them of a fiction, and that is all. I think the legislation is necessary to make perfectly clear the basis on which we shall proceed in the future.

Mr. BARKLEY. That is the basis of my argument, that all we are taking away is a legal fiction.

Mr. KEAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator from Kentucky yield to the Senator from New Jersey?

Mr. BARKLEY. I yield.

Mr. KEAN. There are \$29,000,000,000 of deposits in the banks of the United States. There is about \$5,000,000,000

or \$6,000,000,000 of currency. Can the Senator explain how the depositors are all going to get paid?

Mr. BARKLEY. There are about 120,000,000 people in this country who would like to have an explanation of that now, and why they have not been able to get it—

Mr. KEAN. I have no doubt the Senator could explain it.

Mr. BARKLEY. Because when they went to the bank to get their money it was not there; and if this emergency shall continue and men are allowed or encouraged to hoard the gold, and in order to get the gold they surrender their bonds payable in gold, there will not be enough gold there to pay them. The same situation with respect to our gold obligations and our Treasury and our entire financial system might result that has resulted to more than 10,000 banks in the country, because the money was not there with which to redeem their promises to pay depositors.

Mr. KEAN. I would like to say to the Senator that by repudiating the gold obligations we are forcing the people of the United States to hoard gold, and that almost every man in the United States is hoarding gold because we are going to repudiate our obligations.

Mr. BARKLEY. One of the objects of the pending joint resolution is to prevent the hoarding of gold and to prevent the further escape of gold from the United States of America.

Mr. ADAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. I yield.

Mr. ADAMS. May I ask the Senator if it is not true that by the gold being retained by the Federal Reserve bank we are aiding in the payment of depositors rather than otherwise? There is practically 2½ times the amount in currency issued against each dollar of gold when it is in the vaults of the Federal Reserve banks, so we are aiding in providing a supply with which depositors are paid by holding the gold rather than paying it out.

Mr. BARKLEY. That is undoubtedly true, and therefore we are preserving the basis of all our currency.

The Senator from New Jersey [Mr. KEAN] a while ago said he helped to sell some of these bonds and when he made his speeches to the enthralled audiences of New Jersey, as I am sure they were, he told them they were to be paid in gold of the fineness and value at that time. Of course, I am not in a position to dispute that, but I have no doubt that that fact had very little to do with the sale of the bonds. We were issuing billions upon billions of dollars' worth of bonds in this country at that time. Everybody knew there was not enough gold to pay a single issue of Liberty bonds, such as the issue coming due in 1933, amounting to something over \$6,000,000,000. They were buying those bonds on the faith of the Government and the credit of the Government of the United States. They are not being deprived of anything, because they did not pay for those bonds in gold. They paid for them in currency, and that currency is of equal value now with the very gold about which we are talking, so they are not being deprived of anything of value.

Mr. KEAN. Mr. President, will the Senator yield further?

Mr. BARKLEY. I yield.

Mr. KEAN. I should like to say to the Senator that at that time the people of New Jersey and the people of the United States bought those bonds on the gold basis, when they could have bought bonds of England or bonds of France on better than a 7-percent basis. But they believed the Government of the United States when it made its promise to pay in gold—believed that promise was good. In addition to that I should like to say to the Senator that he is mistaken that those people are getting for their bonds today the same as they paid in, because the purchasing power of the dollar has gone down nearly 20 percent in the last 2 months.

Mr. BARKLEY. The Senator will recall that at the time the bonds of the United States were being sold during the World War the credit of England and France had gone down to such an extent that it was necessary for us to

issue those bonds and sell them to the people of the United States in order to get the money to lend to England, France, and other allied countries. Those bonds were not bought because there was a gold clause in them. They were bought because the people of our country, without regard to politics or religion, desired to uphold the hands of their Government and provide the money necessary to win a great war. If there had been no gold clause in those bonds, the amount that would have been sold to the American people would not have been a dollar less than were sold with the gold clause contained in them.

Mr. KEAN. I do not question the patriotic fervor of the people of the United States, but I do question the rate at which a bond could have been sold in currency at the time that those bonds were sold. The question of the difference in the rate was a question of the difference between 7 percent on the one hand as against 4 or 4¼ percent, and the difference was the credit of the United States as against the credit of those other countries which were engaged in the war.

Mr. BARKLEY. Of course the Senator refers to the 7-percent bonds of England and France. The very fact that they were bearing 7 percent interest shows that the credit of those countries had declined to such an extent that they had to promise to pay that enormous rate of interest in order to sell their bonds at all. I refer the Senator to the fact that now the paper currency, with which we propose to pay off these bonds, if this joint resolution is passed, buys as much goods as a dollar and a half of gold would buy at the time the bonds were issued. We are not taking anything away from the bondholders. We are not depriving them of the right to use that legal tender. We have not reduced the value of their bonds by one cent. We merely propose to change the particular type of currency in which they are paid; and that type, after they get it, will buy as much as a gold dollar or a silver dollar or any other form of currency in the Nation.

Mr. KEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky further yield to the Senator from New Jersey?

Mr. BARKLEY. I yield.

Mr. KEAN. The little Kingdom of Belgium sold its 7-percent bonds in this country during the war. Only a week ago they offered to allow those bonds, payable in dollars, to be sent abroad to be stamped so that they may be payable in gold. England is paying her bonds in gold. France is paying her bonds in gold. Every other country that has any credit at all is living up to the obligations it incurred.

Mr. BARKLEY. I think the Senator is mistaken about that. There are a lot of French bonds in England now selling below par because of the fear that they will not be paid in gold.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHEELER. My understanding is that the Treasury of the United States has bonds of France and Belgium and other countries that they are not only not paying in gold, but they are not paying them at all. They are not only not paying the bonds, but they are not paying the interest.

Mr. BARKLEY. Not even the interest.

Mr. WHEELER. Those bonds are down here in the Treasury of the United States, paid for with the people's money; and yet the Senator from New Jersey talks about France and England and Belgium and these other countries not repudiating! Why, our own Treasury has their bonds down there now, and they have refused to pay them.

Mr. KEAN. And the Senator is advocating that we repudiate our bonds to the people of the United States in the same way that France has repudiated its bonds, when we have gold in the Treasury of the United States by which we can meet every obligation.

Mr. BARKLEY. Oh, no; Mr. President!

Mr. KEAN. The Senator from Kentucky is advocating that we repudiate our word, repudiate the obligation of the

United States, and become in the same category as some of the South American countries.

Mr. WHEELER subsequently said: I ask unanimous consent to have inserted in the RECORD at this point a statement

of the foreign-government securities owned by the United States. This does not include interest accrued and unpaid.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Securities of foreign governments owned by the U.S. Government compiled from latest reports received by the Treasury Mar. 31, 1933

Foreign obligations:

Funded bonds:

Under the debt-funding agreements as authorized by the acts of Congress approved Feb. 9, 1922, Feb. 28, 1923, Mar. 12, 1924, May 23, 1924, Dec. 22, 1924, Apr. 28, 1925, Apr. 30, 1926, May 3, 1926, Mar. 30, 1928, Feb. 4, 1929, Feb. 14, 1923, and Dec. 18, 1929:

	Principal amount held
Austria.....	\$23,752,217.00
Belgium.....	400,680,000.00
Estonia.....	16,495,012.87
Finland.....	8,546,000.00
France.....	3,863,650,000.00
Great Britain.....	4,368,000,000.00
Greece.....	31,516,000.00
Hungary.....	1,908,500.00
Italy.....	2,004,900,000.00
Latvia.....	6,879,464.20
Lithuania.....	6,197,682.00
Poland.....	206,057,000.00
Rumania.....	63,860,560.43
Serbs, Croats, and Slovenes.....	61,625,000.00
	\$11,064,038,496.50

Unfunded obligations:

For cash advances made under authority of acts of Congress approved Apr. 24, 1917, and Sept. 24, 1917, as amended:

Czechoslovakia.....	61,974,041.10
Russia.....	187,729,750.00
	249,703,791.10

For surplus war supplies sold on credit by Secretary of War under authority of acts of Congress approved July 9, 1918, and June 5, 1920:

Czechoslovakia.....	20,604,302.49
Nicaragua.....	290,627.99
Russia.....	405,082.30
	21,301,012.78

For relief supplies sold on credit by American Relief Administration under authority of act of Congress approved Feb. 25, 1919:

Armenia.....	8,028,412.15
Czechoslovakia.....	6,428,089.19
Russia.....	4,465,465.07
	18,921,966.41

For relief supplies sold on credit by United States Grain Corporation under authority of act of Congress approved Mar. 30, 1920:

Armenia.....	3,931,505.34
Czechoslovakia.....	2,873,238.25
	6,804,743.59
	11,300,770,010.33

German bonds:

For account of reimbursements of the costs of the United States Army of occupation and the awards of the Mixed Claims Commission, under the funding agreement of June 23, 1930, as authorized by the act of Congress approved June 5, 1930 (bonds are in reichsmarks, which for the purpose of this statement are converted at 23.82 cents to the reichsmark):

	Reichsmarks	Reichsmarks
Army costs.....	997,500,000	237,604,500.00
Mixed claims.....	2,040,000,000	
Private awards (estimated).....	1,415,000,000	
Government awards (estimated).....	625,000,000	148,875,000.00
	1,622,500,000	386,479,500.00

Total foreign obligations..... 11,747,249,510.33

Mr. BARKLEY. Mr. President, the Senator from New Jersey rolls the word "repudiate" under his tongue as a sweet morsel. There is no question of repudiation involved here, except in the imagination of the Senator himself. The money in which we pay these obligations will buy as much as any other money issued under the authority of the United States. It will even buy the very gold in which he wants to continue to obligate the United States to discharge these obligations.

Mr. KEAN. To be sure it will; and that is just what I want the United States to do.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Oklahoma?

Mr. BARKLEY. I yield to the Senator from Oklahoma.

Mr. GORE. I think the crux of this whole controversy lies in the statement which the Senator from Kentucky has just made. I do not deify gold. I cannot commune with those who worship no god but gold. But a promise made is a debt unpaid. If the people who hold these gold obligations are to receive payment in money which is the equivalent of gold, then they have in fact and in law suffered no loss and the contract has not been breached.

My point is this: The Refunding Act and the Credit Strengthening Act of 1869 provided that the securities of the United States should be paid in coin or its equivalent. I quote from that act:

It is hereby provided that the faith of the United States is solemnly pledged to the payment in coin or its equivalent of all the obligations of the United States—

And so forth.

Would the Senator be willing to insert in the pending joint resolution a provision that these obligations shall be paid in gold or its equivalent? If so, that would meet my substantial objection.

Mr. BARKLEY. Personally I do not think that is necessary, because under the act of Congress recently passed all money is equivalent to gold; so that that is a redundant expression. Every dollar issued by the United States is equal to every other dollar, and the Secretary of the Treasury is charged with the solemn duty of maintaining the parity not only between gold and silver but between gold and silver and every dollar of paper money that is issued in this country. So that by operation of law every dollar is equivalent to the gold dollar, and therefore it is not necessary to include it in this joint resolution.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Ohio.

Mr. FESS. How would the Senator proceed to maintain parity, with the Government refusing to pay gold? That is what we are doing here—refusing to pay gold. How are we going to maintain parity?

Mr. BARKLEY. By preserving our gold as a basis for the issuance of currency under the law as it now exists. Certainly we cannot maintain the parity of gold if we allow this gold to go out into the hands of people who either hoard it or take it abroad, and thereby reduce the amount of our gold base upon which we can issue paper money, either national-bank notes or Treasury notes or Federal Reserve notes. So this is one of the ways, if I may answer the Senator, by which we propose to preserve that parity; because if this gold is allowed to escape from its present

situation, certainly the basis of our currency will be to that extent undermined, and the faith and credit of the country to that extent reduced.

Mr. FESS. The Senator certainly knows that there is no such thing as parity unless we are willing to accept that which establishes parity when the equivalent is presented. If we eliminate the gold clause, that is violating a contract which requires the payment of gold if it is demanded. The Senator knows that that is the only way to maintain parity.

Mr. BARKLEY. Of course, the question of parity and the standard of values is one that is so intricate that I dare say there is not a man in the world who understands it. We talk about the value of gold and the value of silver as measured with each other and with commodities; but there is no fixed standard of value as between money and commodities, because today wheat or tobacco or corn may be worth one price, and tomorrow, as measured by dollars, it may be worth a different price, and the day after it may be worth a different price. Nobody can watch the fluctuations in the price of farm commodities or any other commodities in this country and reach the conclusion that there is, or ever can be, any fixed standard of value for either money or commodities.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I had yielded to the Senator from Ohio.

Mr. FESS. That is the situation.

Mr. BARKLEY. We are in an emergency. When the emergency is over, and these restrictions with reference to the use of gold either for export or for the discharge of debts have been lifted, and we come back to what the old darkey called "normalcy", then we will not, of course, need to use these artificial and temporary expedients which are now necessary because of the great emergency in which we find ourselves.

Mr. FESS. The observation the Senator makes, that there is no parity, is one in which there is a great deal of force; and that is why I am objecting to his insisting that we are maintaining parity in the very act whereby we refuse to pay gold under a contract that requires it. That destroys the parity, if there is any such thing as parity.

Mr. BARKLEY. Oh, no; the Senator and I cannot agree about that, because, as I said a while ago, the gold that is now used as a basis for the circulating currency of this country must be preserved. In my judgment, we must resort to whatever means are necessary to preserve that basis. That is the foundation, the backlog, of all our currency. If by any means, either by hoarding or by exportation, or by any other means, we dissipate that foundation or destroy that backlog, then the value of all of our currency has been destroyed.

Mr. FESS. How are we going to preserve it by this legislation?

Mr. BARKLEY. We are going to preserve it by declining, if the circumstances authorize it, to pay these obligations in gold when they become due, but pay them in money that is legal tender for all purposes.

Mr. FESS. In other words, we are going to maintain the value of our currency by refusing to recognize our promise regarding its redemption in gold.

Mr. BARKLEY. Not at all. We are going to maintain the value of our currency by preserving our gold untouched and intact, and use a substitute which has been declared by law to be equal in paying or purchasing value with the gold which we are now undertaking to preserve.

Mr. KEAN. Mr. President, will the Senator yield now?

Mr. BARKLEY. I will yield again, but I do not want to take up the whole afternoon.

Mr. KEAN. I will not interrupt the Senator further, then.

Mr. BARKLEY. I am willing to yield to the Senator.

Mr. President, I think it has been established here beyond any doubt that we have the legal right to do this; that under the Constitution we may do this thing. I am unable to see that any moral question is involved, because, after all, we are taking away from nobody anything of value. We will pay

them in money that will buy as much as gold; and that is all money is used for, as a medium of exchange. If I have a horse and you have a mule, and I want your mule and you want my horse, we can trade them; but if you do not happen to want my horse, and you have something else that I want, I sell my horse for money, and I take that money and buy what you have that I want. That is the only reason for the issuance of money.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Kentucky yield to the Senator from Texas?

Mr. BARKLEY. I yield.

Mr. CONNALLY. Let me ask the Senator if the whole crux of the proposition is not this:

That the Constitution, giving the Congress the power to coin money and regulate the value thereof, gives to the Congress the power to say what is money, and incidentally gives it the power to do anything which will make that effective; that every contract is made in subordination to that suspended power of the Congress that whenever it is necessary, the Congress can pass a law making effective its control of what is money; and that any contract that runs into that, or contravenes it, has to give way before the Constitution?

Mr. BARKLEY. Undoubtedly that is true; and Congress could tomorrow, if it wanted to, pass a law destroying the value of gold as money at all by saying that hereafter gold shall not be money, silver shall not be money, but lead and tin and aluminum may be money. Congress undoubtedly has the power to do that, and by the passage of such an act it, of course, would automatically violate a contract that the Government had entered into with somebody else to pay in gold; but it would not be a violation of the constitutional power to do that thing.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. BARKLEY. I yield further.

Mr. CONNALLY. Is it not also true that every contract, when it is made, carries with it the constitutional provision, and the Constitution becomes a part of that contract to that extent?

Mr. BARKLEY. Undoubtedly. There is an adage which every lawyer and every citizen understands—that ignorance of the law excuses no man. It may be a rather ruthless rule sometimes, but it is a rule which has been found necessary to preserve order in civilized society. Every man who makes a contract with the Government of the United States, or with one of his fellow citizens, makes it with the understanding that Congress, within its jurisdiction and its constitutional powers, has the right to enact legislation that may impair that contract or may result in its nullification, although Congress had no such primary intention when the enactment was placed upon the statute books.

Therefore, I say it is undeniable that Congress has the unlimited power to do this. We contend that public policy, and the emergency in which we find ourselves, make it necessary to do it. It will be unfortunate if anybody suffers by it, although I do not think anybody will, because they are not to be paid in anything less valuable or less usable as money, and they are to receive money with the same purchasing power as the gold denominated in the bond.

Mr. JOHNSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from California?

Mr. BARKLEY. I yield to the Senator.

Mr. JOHNSON. Is the Senator equally confident that his rule prevails where the Congress itself has made a contract, and itself has written that contract for the Government, and the Government has made the particular contract thus written by Congress?

Mr. BARKLEY. I am equally certain in that case, because in the very nature of things, I will say to the Senator, and according to the Supreme Court's own decisions, the Government of the United States cannot contract away its sovereignty; and if the Government cannot do it, Con-

gress cannot authorize it to do it; and Congress cannot enter into a contract that deprives it of its supreme power as a sovereign to exercise that power in behalf of all the people as conditions and circumstances may demand.

Mr. JOHNSON. Mr. President, if the Senator will permit me again—

Mr. BARKLEY. I yield further; yes.

Mr. JOHNSON. Eliminating the legal problem, conceding that it is as the Senator suggests—I am not questioning that as a matter of power—as a matter of propriety does the Senator think there should be any difference between the private contract that Congress subsequently abrogates in part or affects by its legislation, and the public contract that Congress itself makes for the Government and the Government itself executes?

Mr. BARKLEY. I can very easily understand how men would contend that where the Government itself has entered into a contract, it ought to be less inclined to violate that contract, even technically, than it would be to authorize the violation of a contract between two individuals. I do not draw any very fine-spun distinctions between these two types of contracts, however.

In the first place, the power of Congress and of the Federal Government to exercise their constitutional rights for the benefit of all the people, I think, takes precedence over the right of any private citizen, either in a private contract or in a public contract. Therefore, I do not think there is any very great question of morality involved here; but even if we might say that there is, we are not by this joint resolution taking anything away from anybody except a legal fiction, because, as a matter of fact, in all the history of the country these bonds have not been paid in gold. They could not be paid in gold when they became due, as I undertook to illustrate before the Senator came in. Therefore, we are taking away from them nothing but a fetish, nothing but a legal fiction that is without value so far as commodities are concerned and the exchange of commodities and the use of money in the purchase and sale of commodities.

Mr. GORE. Mr. President—

Mr. BARKLEY. I yield to the Senator from Oklahoma.

Mr. GORE. I desire to ask the Senator a question. I will not comment on his suggestion that this promise of the Government to pay in gold is a mere fetish.

Mr. BARKLEY. Mr. President, the Senator misunderstood me. I did not mean that a promise is a mere fetish. I mean that it is a fetish to suppose that this gold which is nominated in the bond is of any greater value to the people who obtain it than the money which they will receive, which will be of equal value to gold in purchasing commodities here and abroad.

Mr. GORE. Mr. President, if the Senator will write that into this measure, he will have no quarrel with me. That is all I insist upon, that the contract be kept according to its terms, in good faith, settled in gold or its equivalent where gold was promised.

What I rose for, however, was to get the reaction of the Senator to this point. By the terms of the Bland-Allison Act, passed in 1878, it was provided that the silver dollars coined under that act should be full legal tender except as otherwise stipulated in a contract. The act passed in 1890, the Sherman Act, providing for the purchase of silver, expressly provided that the silver dollars coined in pursuance of that act should be legal tender except where otherwise stipulated in a contract. The pending joint resolution makes not only silver dollars but, as I understand it, it makes nickels and pennies, universal and unlimited legal tender.

Mr. BARKLEY. Not by this joint resolution. The act of Congress passed on May 12 last, known as the "Agricultural Act", did that.

Mr. GORE. I wish the Senator would check that.

Mr. BARKLEY. It does in a way, but it merely reiterates what the law provided for, and makes some amendment because of the fact that Philippine coins, under that section, were made legal tender in the United States.

Mr. GORE. Will not the Senator read that? I do not want to trouble him, but I would like to get it in the Record at this point. I believe it is the last section.

Mr. BARKLEY. It reads:

All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight.

Mr. GORE. I take it that under that the Government could pay off a billion dollars of its gold bonds in pennies, in copper pennies which are now legal tender for only 25 cents.

Mr. BARKLEY. That is another legal fiction. But theoretically it could.

Mr. GORE. I do not know; perhaps it is a legal fiction that the governments of Europe are not paying us at all. They have refused to pay the money they owe the United States. I do not make much distinction between that act and the act of our own Government, which has promised to pay gold, and refuses to pay gold. Although I wish the words "the equivalent of gold" might be inserted, I make no distinction between gold and copper and cotton, or any other thing which the Government has stipulated to pay. I think it ought to keep its word according to the terms of the bond. But my point was this: Does not the Senator think that the fact that the silver dollars which were made legal tender should not be legal tender at any time where it was otherwise stipulated in the contract? If the bond had stipulated silver dollars and the bondholder desired and demanded silver dollars I should equally oppose their payment in gold. To me this is a mere matter of good faith.

Mr. BARKLEY. No; I do not, I will say to the Senator. At the time of the enactment of the two statutes to which he referred Congress undoubtedly would have had the power to go the whole distance by making those silver dollars legal tender in all cases. It did not do so because the condition of the country and the objects to be attained by that act, and the emergency, if there was one, were not such as to require or to make necessary the exercise of the power of Congress to go the whole distance, to make the silver dollars provided for in that act legal tender in all cases, which it could have done. They did not see fit to do it. The same is true with reference to the second act referred to by the Senator, the one enacted in 1878.

Mr. KEAN. But they did agree to pay in gold.

Mr. BARKLEY. The conditions which made possible the enactment of those two statutes were entirely different from the conditions which confront us now. The basis for our currency, the entire foundation, the very background, the very heart of our circulating medium, under the laws as they now stand, until they are repealed, laws providing that the gold dollar of the present standard of fineness and value should be the standard of value in this country, were not involved then. We were trying to preserve the gold we now have in our country as the basis for currency. We were trying to make it impossible for the very credit of our country and the credit of our currency and the faith of our people in that money to be undermined by a reduction in the amount of gold available as a standard of value and as a basis for our currency.

What will happen if the amendment of the Senator from Pennsylvania shall be adopted? I think it is undisputed that Congress has the power to do what is proposed, and that there is no immorality in doing it, that we are robbing nobody of anything of value when we do it. Therefore, why make a difference between bonds which have heretofore been issued and those which may be hereafter issued?

If it were possible to provide that all future bonds issued by the Government of the United States should be payable in any sort of coin or any sort of currency, without affecting the relative value, or, as Dr. Einstein might call it, the relativity, existing between those which have already been issued and those which may be hereafter issued, I can conceive of no serious objection to providing only for the issue of future bonds payable in this money about which we have been talking, free from the gold clause. But the very moment we make an exception, the very moment we put

past obligations on a pedestal and say that Congress shall not touch them, but that all future obligations shall be payable in any kind of money which the United States sees fit to pay them in, we give to them an artificial value which they ought not to possess in comparison with the bonds which may hereafter be issued.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. KEAN. Does not the Senator think that the difference is that in one case we are living up to our obligation and the obligation sells at its true value, and that in the other the obligation will sell at its true value, too?

Mr. BARKLEY. No; I do not think there is any such question as that involved.

Mr. KEAN. Of course, there is.

Mr. BARKLEY. I would not, of course, attribute this position to the Senator from New Jersey, but it may well be that many of those in this country who hold bonds which are already in existence would like to see the future bonds payable in any kind of money, in order that the value of those they already hold might rise to an exorbitant value as compared with the future obligations of the United States, thereby making it impossible, at least difficult, for the United States to refinance its obligations in the future, or sell its bonds to the public. Of course, I acquit the Senator from New Jersey of any such purpose as that.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. SHIPSTEAD. Can the Senator tell us how many Federal issues are coming due within the next year, the short-term certificates?

Mr. KEAN. I can give the Senator that information. They amount to \$2,000,000,000, and they are practically all held by the Federal Reserve banks.

Mr. BARKLEY. There are coming due within the next few months Treasury certificates amounting to \$2,122,000,000. Then there are Treasury bills amounting to \$978,000,000, and they are falling due each week. These are almost daily transactions. Then, in addition to that, there are coming due obligations amounting to \$3,924,000,000; in 1933 and 1934 Liberty bonds amounting to \$8,201,000,000, and then, beginning in 1940, and for a period of years thereafter, obligations amounting to \$5,000,000,000. So the total of these certificates and Liberty bonds amounts to over \$20,000,000,000. But the Treasury bills, amounting to \$978,000,000, are coming due each week; Treasury certificates amount to over \$2,000,000,000; Treasury notes amount to \$3,924,000,000, and then a little later there will come due Liberty bonds amounting to nearly \$8,250,000,000.

Mr. SHIPSTEAD. Mr. President, in this crisis, the holders of these bonds would all demand gold. How long would it be before the gold would be absorbed and the Government would not have any gold, and would have to pay a big premium for gold or else not be able to pay its contracts at all? Would not that be a threat to the national safety?

Mr. BARKLEY. Mr. President, that is what I have been undertaking to show, that before the end of this year, if all these obligations were paid in gold, as they provide they shall be paid, it would exhaust the entire gold supply of the United States.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. GORE. I think the Senator is correct in his statement that Congress has the power to disfranchise the gold clause so far as future contracts are concerned. I do not think there would be any question of public morals involved in such an act. There would be a question of public policy. But the Senator has just observed that to discriminate between past and future contracts would have a depressing effect on the future contracts and would bring an enormous enhancement of value to outstanding contracts payable in gold, if I understood him.

Mr. BARKLEY. In substance I said that. I am not sure that it would undoubtedly depress future contracts. I am not certain about that. I am not certain they would sell

below par, although it would undoubtedly enhance the value of the outstanding obligations.

Mr. GORE. Why would it have that effect?

Mr. BARKLEY. Because anybody who had any money to invest in United States bonds, instead of investing that money in the new bonds, would go upon the markets of the United States and buy Liberty bonds and these Treasury notes and Treasury bills because of the prospect that they might be enhanced in value and thereby return a profit to them on the transactions. To that extent the field for marketing these new securities would be restricted, if not destroyed, and it is entirely conceivable that in that way the new bonds would be depressed below their real value.

Mr. GORE. Then the owners of the outstanding gold bonds have a value that would be lost if the gold clause were disregarded?

Mr. BARKLEY. No; they do not have a value that would be lost, because the enactment of this joint resolution will have no effect upon the real value of those bonds. But the owners of those bonds might be deprived of garnering an artificial profit which they might otherwise obtain if their bonds had to be paid in gold, while future bonds are to be paid in any money that is legal tender in the United States. There is quite a difference between taking away from somebody what he has and taking away from him the opportunity to make more out of it than he should at the cost of the welfare of the United States and the condition of our people.

Mr. GORE. But I am assuming that the owners of gold bonds who have bought them in good faith, and have paid for them, bonds bearing a lower rate of interest than they would have otherwise accepted, had a real property interest in the bonds.

Mr. BARKLEY. Of course they have a property interest in the bonds, and when those bonds become due, the Government of the United States will pay them to the last dime, without any repudiation and without any reduction. They will be paid in the money which everybody else must accept in the payment of debts due them, or the money they receive for commodities produced by the sweat of their brows and their muscle and their brawn for the support of the world.

Mr. KEAN. Mr. President—

Mr. BARKLEY. Mr. President, I have taken more time than I had intended to take, and I desire to draw my remarks to a close, so will ask my colleagues not to interrupt me further, because I understand we want to try to get a vote on this joint resolution this afternoon, if possible, and I do not want to delay.

For the reasons I have assigned, I hope that not only will the amendment offered by the Senator from Pennsylvania be defeated but that the joint resolution will be promptly enacted, so that there will be no further uncertainty or hesitation with reference to the attitude of our Government and our people toward this great emergency which now exists, and toward our efforts to solve it in the light of our experience and of our opportunity and of our obligations to the whole people.

Mr. FESS. Mr. President, there has been no proposal that has reached either the House or the Senate in my experience that has been such a surprise to me as the one now pending. It came with a startling suddenness, without any suggestion of a situation which forced it. The manner in which it came naturally has created a doubt in my mind as to what it is intended to meet; how serious is the problem which makes it necessary that such an unusual procedure involving an open violation of the Government's pledge should be made at this time. There must be some situation which we do not understand, or no such proposal could be made by the administration.

The surprise comes largely because of the well-known views of the President of the United States. Those views have been expressed, time and again, publicly; and here is a proposal in contradiction of all that has heretofore been said, publicly, at least, by him. The question of maintaining a sound currency basis has been fundamental with both parties for the last 20 years. There have been some aberrations

on the part of some leaders in both parties, but, so far as the position of the two great parties for the last 20 years, there is no question as to their stand that a sound basis of currency should be preserved at all hazards. That is the language of the platform adopted at its last national convention by the party now in control:

We advocate a sound currency to be preserved at all hazards—

And so on.

Some might have said that that declaration was made only for the purpose of catching votes. I would not make that statement. I had supposed that the leaders of the two parties honestly took that position. If I had entertained any doubt as to what was the position of the President, all doubt would have been removed by what he said, not only incidentally, here and there, but by what he said just before the election when he reviewed his position. He then said he stood upon his party's platform. I will not read from the speech of Mr. Roosevelt what was read a while ago by the Senator from Pennsylvania [Mr. REED], but will only read a statement from the same speech, which was not included in the quotation of the Senator from Pennsylvania. Mr. Roosevelt, a few nights before his election as President, said:

The Democratic platform specifically declares, "We advocate a sound currency, to be preserved at all hazards." That is plain English. In discussing this platform on July 30 I said—

These are the words of the President—

"Sound money is an international necessity, not a domestic consideration for one nation alone." Far up in the Northwest, at Butte, I repeated the pledge of the platform, saying, "Sound currency must be maintained at all hazards." In Seattle I reaffirmed my attitude on this question. The same thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform. So much for that misrepresentation.

The last sentence had reference to what President Hoover had said, that the election of Mr. Roosevelt would likely lead to an abandonment of the gold standard.

Mr. ADAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Colorado?

Mr. FESS. I have quoted the language of the Democratic candidate, who is now President, in a speech delivered by him only a few nights before election. That ought to clarify in the minds of the people of the country the position not only of the dominant party but of the head of that party. I say that this proposal came with such startling suddenness and as such a surprise and it involves such possibilities that I am concerned about what the President thinks we are to confront in the future and what causes him to make the proposal here presented. I now yield to my friend from Colorado.

Mr. ADAMS. Mr. President, I am wondering if two things have not been confused in the discussion of the Senator from Ohio. He stated that the President declared that he proposed to maintain a sound currency. It occurs to me that the very purpose of the pending joint resolution is to do that very thing. Our currency is maintained by the gold reserve behind it. The purpose of this measure, as I gather it, is to preserve that gold reserve, to prevent it being paid out upon bonds, so that the gold reserve may back up our currency and give us a gold currency. If there is an attack to be made upon the joint resolution, it is not because under it the currency is not to be sound but because there is a repudiation, if Senators wish to use the term, of the strict letter of the bond, not of the currency. The joint resolution itself specifically excepts and exempts the currency of the country from its provisions, and leaves the currency still payable in gold.

Mr. FESS. Mr. President, for a hundred years there has been discussed in this country the question of a sound money system, and never before has anyone had the audacity to suggest that the abandonment of the gold basis, upon which the value of currency is founded, is an adherence to a sound currency system. No one has ever taken such a view as that. There have been two schools of thought in America, and they

are not confined to one political party. There are representatives of both schools in all political parties. There is not a political party, including the Republican Party, and certainly including the Democratic Party, that does not have within it those who belong to the school of sound money and those who belong to the school of soft money. It remains for the defenders of this administration in the effort to go off the gold standard to say that this course is to be done in order to maintain a sound currency, in the hope that they can make the people believe that there has not been any change of view on the part of the leader of the administration.

Mr. President, if that is not true, there must come an explanation of why the man in the Democratic Party who speaks with the voice of authority for sound money was called from his sick bed to reply to the statement of President Hoover that we were about to go off the gold standard, and that we would go off the gold standard if the Democratic Party were elected. From that sick bed came this voice in the party in behalf of sound money, and bitter resentment was expressed because of the suggestion that we were going off the gold standard. The man who wrote the plank on sound currency in the Democratic platform is the man who was called from his sick bed to denounce the statement that the Democratic Party would take the Nation off the gold standard. Now to put the lie in his mouth and to maintain that the abandonment of the gold standard is in the interest of the maintenance of a sound currency is too silly for anybody to contemplate for a moment.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kentucky?

Mr. FESS. I yield to the Senator from Kentucky.

Mr. BARKLEY. I have no desire to get into a controversy about the speeches made in the last campaign, but I do recall distinctly that the Senator from Virginia [Mr. GLASS], to whom the Senator from Ohio is referring, in that great speech which he made was answering the argument put forth by Mr. Hoover and by Secretary Mills that the United States had been within 2 weeks of going off the gold standard, and if it had not been for him it would have been off the gold standard. But, be that as it may, does the Senator admit that if we had never issued these obligations, if the Government had never had to borrow any money from the very beginning, the question of the gold standard would not have been involved?

Mr. FESS. I do not think that the question of the gold standard is seriously involved in the original issue of those bonds. In other words, I do not know that I can agree with some of my friends who say that the bonds were sold because the gold clause was in them. I am certain that constituted an element of marketability, perhaps, but I am of the opinion that too much emphasis is being put on that.

Mr. BARKLEY. The Senator will admit, will he not, that at the time these bonds were issued Congress could have provided that they could have been payable in legal tender or in any kind of money that Congress wanted to provide, and therefore, even under those circumstances, their issuance would not have involved the gold standard?

Mr. FESS. Congress could have so provided, but it was feared that they would not be marketable if that was done.

Mr. BARKLEY. But I say that if Congress has the power to do that it could have done it, and if those bonds had been issued payable in any money that is legal tender that would not in any way have affected the gold standard in the United States, would it?

Mr. FESS. Does the Senator mean that it would have changed the law?

Mr. BARKLEY. It would not have changed the law, and it would not have changed the fact at all. We could have provided in the beginning that all these bonds should be paid in any kind of money, and still we would have been on the gold standard, and we would be on the gold standard now.

Mr. FESS. Provided we did not go off.

Mr. BARKLEY. We have not gone off.

Mr. FESS. Oh, yes; we have gone off the gold standard.

Mr. BARKLEY. If, in the beginning, we could have issued these bonds payable in any kind of money without affecting the gold standard, how does it affect the gold standard now if we provide that they shall be paid in the same kind of money in which we could have provided they should be paid in the original issue of the bonds?

Mr. FESS. I am not talking now about what the pending measure is doing; I am talking about what we have already done. I am not questioning the legality or the constitutionality of the power of Congress to do this particular thing; I am rather inclined to believe, in the light of the decisions that have been rendered and the discussion of the various cases before those decisions were made, that under the power of Congress to coin money and regulate the value thereof and to establish weights and measures, we have the power to say how many grains shall be in a unit, whether it shall be legal tender or not, and that later on we may change it under our constitutional authority. I am not going to discuss the constitutionality of it. While it is a mooted question whether the fifth amendment is applicable, the argument to that effect has not greatly impressed me. I am perfectly willing to waive the question as to whether we have constitutional authority to do it, and to assume that we have.

What I rose to say was that this sudden resolution is so far-reaching that it reaches the point of an open violation in the case of a contract between the Government and its citizens of the terms the Government wrote into that contract. I think we could change the terms without regard to the other party if we wanted so to do, but I count it an immoral thing to do, so immoral that there must be some explanation of why we propose to do it.

I tried to ascertain these possibilities and of what must be in the mind of the administration to lead it to take this unusual course in asking us to violate a solemn pledge that the Government has made. I can see one side to it. In all probability it is the determining factor. We are going to have enormous obligations maturing soon. Heretofore we have always relied upon refinancing by refunding a portion and paying a portion; that is, what we can pay we will pay, and what we cannot pay we will have to renew, in the hope that we may refund at a lower rate of interest and in that way save something to the people of the country. These obligations, if paid, can only be paid through taxation or through borrowing. There is a limit to taxation. It is not possible for us through the sources of taxation to meet these obligations which are coming due. We must rely upon borrowing. In view of the emergency legislation that is entailing billions of additional money that must be raised, that means today an increase in the interest on the public debt from \$600,000,000 in 1930 to an amount now above the billion dollar mark that must be paid every year. That obligation will have to be paid either by taxes or by borrowing.

How do we propose to meet the obligations of nearly \$8,000,000,000 that will come due before October 1 of this year if all the legislation now enacted and yet to be enacted becomes operative? What is the possibility of financing these obligations? It cannot be done by increased taxation. There are only two ways left to do it. One is to pay them by issuing fiat money, as we have authorized the President to do to the amount of \$3,000,000,000, and the other is to borrow. If we go to the full extent of the application of the fiat issue of \$3,000,000,000, there will still be \$5,000,000,000 to be paid. How are we going to meet that? There is no other way except by borrowing. The President by decree has taken us off the gold standard, and he cannot issue the \$5,000,000,000 with the gold clause therein when he has taken us off the gold standard. That would be an inconsistency and he does not want to face it.

The apologists for the financing of the Treasury are openly stating that we pass this measure in the interest of financing these obligations. What is the embarrassment? In the face of the decree taking us off the gold standard we cannot write the gold clause into the bonds now to be issued.

If we do, it is a violation of the position we have taken as a National Government in the last 3 weeks, and so we are not going to do it.

Then, if we do not write in the gold clause, our bonds will not be marketable, as is admitted by the proponents of the measure. They want to make them marketable and the only way they can do it is to drag down to the level of the issue they must make all the existing Government bonds that now have the gold clause. Men say that is not dishonorable, that that is a high standard of financial ethics. To me it is the most amazing thing that has ever been promulgated in finance so far as I know.

This is what will happen. If it is conceivable that the only thing that is back of a bond is the good faith of the Government that issues it, is it conceivable that with that good faith gone by the passage of this joint resolution, we will make the future stable? Who wants to buy obligations of any government that will not maintain the promise of its contract? We will fail to finance these obligations and we cannot make these bonds marketable because we are by this act destroying the credit of the Government.

What is the remedy? Mark my word, Senators, then comes what we have always been afraid of, a new issue of greenbacks, of fiat, to meet what we cannot meet by borrowing. If we can start the printing presses and print the \$5,000,000,000 we need, it will not cost the Government any more than the cost of the paper and the ink and the labor. When on October 1 this financing is confronted, we will see then what will be the effect of an open violation of the faith of this Government in refusing to keep its word to its citizens.

Mr. President, I have said all along that whenever we start on a question of inflation, under whatever name it may be called—managed currency, assuming that inflation can be controlled, which is abject nonsense—we start something that will not be stopped. This country is facing a situation where we will have to issue our obligations to meet what otherwise we cannot meet because of our failure to borrow, because we are destroying our credit as a nation.

That is the economic side of the issue. The moral side of it is the thing that impresses and disturbs me. Possibly we have a perfect legal right to do this. My good friend from Kentucky [Mr. BARKLEY] has said that he does not see any immorality in it. Whenever the terms of a contract are written in the contract and one of the contracting parties, without the permission of the other contracting party, but simply because he has the power to do it, proceeds to change the terms of the contract in open violation of the contract, that is an immoral act, as it appears to me.

The immorality in it is denied on the basis that it will not have any particular bad effect. It has been argued over and over that we will still maintain the parity of all money. I know that the resolution is designed to do that, and the element that is the resolution to give that power is the legal-tender feature that is written in it, making all money legal tender for all debts, including even national-bank currency that is not a Government obligation at all, and never has been thought of to be included in the realm of legal tender. The resolution undertakes to legalize, as a tender in the payment of debts, any money of whatever denomination we may have issued.

The mere fact of legal tender is not sufficient to maintain the value in the payment of obligations. There is no power in any government to give value where there is no value. We can change prices by decree of law, but we cannot change values, as the distinguished occupant of the chair at this time, Mr. THOMAS of Utah, knows very well because of his background. It is easy for us by decree to make a different price, but legislation does not create values and cannot add to value.

The law can say that this particular thing is so and so. So far as the exchange value would go in price that might be true, but when we undertake by law to say, "This is what it is not", that is not true, although we do it so far as the law can go. The mere fact of picking up a piece of paper

and stamping it as a dollar does not make it a dollar. If we could do that, then the Government ought to print thousand dollar bills instead of dollar bills. It would not take any more paper or ink or labor. But we do not do it because we cannot create value by Government decree. When we talk about maintaining parity of all these currencies, national bank notes, Federal Reserve bank notes, Federal Reserve notes, gold certificates, and whatnot—when we undertake to maintain parity, thereby saying through the Government that this buys so much, that does not make it buy so much. There is not power enough in Washington to make it so if the law of supply and demand is operating the other way.

Men talk about maintaining parity in the different moneys and eliminating gold, which is the measure unit. It is folly, it is absurd to talk about parity of that kind. The moment we put gold in circulation, and paper money that is not redeemable in gold, the paper money will drive out of circulation every dollar of gold within a month.

There is no better established principle in law or in physics, in science or in economy, than that where good and bad money are in circulation together, the bad money always drives out of circulation the good money.

If we say we are maintaining gold and yet going off the gold standard, it is folly to talk about maintaining a parity. It is a parity in that nothing will have value. It is like the old woman who was told that the drought had destroyed her potato crop. She said, "Well, thank God, one consolation is, if I do not have any potatoes, nobody else will have any!" [Laughter.] That is what we are doing when we eliminate gold as the basis and expect currency to circulate on a parity with gold.

The opposition has been offered over and over by those who have spoken that we have to do this. They do not want to say "Go off the gold standard", but that is what they have done. It is said that we have to do this in order that we may carry on business, on the ground that there is not gold enough to do the business of the country.

Mr. President, the past rises before me like a dream. I am carried back to 1896, when every street corner in every town had a soap-box orator on it declaring that the gold standard must be abandoned. Never in my life, or the life of anyone living, was there such general excitement over any political question that had become an issue in a campaign. The same argument that we have heard on this floor today was made then and repeated a thousand times—that there was not gold enough in the country to do the business of the country.

Mr. President, I have always been in favor of reasonably enlarging the specie basis of our circulation. I have never been opposed to the use of silver on such a parity with gold as the governments will agree upon, so that there will be no advantage taken. That is, if we should coin silver and make it legal tender in relation to gold on a ratio that represents the present actual market value, the silver dollar would be too large, too bulky. That means that there would have to be some seigniorage element in the silver, by which the silver dollar, if sold as bullion, would be greater in price than that much bullion; but, in order to avoid embarrassment arising out of that, it would be necessary for us to have the governments of the world agree upon some ratio.

I have always been for it. I am for it now. I would not be in favor of the free and unlimited coinage of silver at any particular ratio. Of course I would not, for that would immediately drive gold out of circulation. I am, however, in favor of the addition of silver upon a basis that can be agreed upon; but at that time international agreement was taboo. It was thought that all that was necessary was for us to announce the basis of 16 to 1, and then everything would be lovely. The argument was that we had to do it because we did not have money enough to do the business of the country.

Mr. President, no one knows better than the occupant of the chair [Mr. THOMAS of Utah] that the quantity of money is not the element that makes value, and it is not even the element that determines prices. It has some effect, but very little; and over and over in the last Congress the agitation

was that we must have more money. The Borah amendment to the home-loan bank bill was offered for that purpose. That would permit us to issue \$1,600,000,000 more in bank money. Look at the pitiful amount that was issued under it. Then under the emergency banking bill we revived the old, effete idea of basing a bank issue on Government bonds, and we authorized an issuance of Federal Reserve bank currency with a basis of \$3,000,000,000 of bonds.

Not very much currency was issued. As the President will recognize, for a time we issued up to \$4,000,000,000 of United States Federal Reserve notes and national-bank notes. That was to meet the emergency; but it is recognized that as the currency is increased, if there is not a demand for it in business, it immediately becomes idle and is of no use. That is what we are suffering from now. The quantitative theory of money has some value; but those who insist that we must go off the gold standard on the ground that we have not enough gold to do business are in error—as if a gold standard means that every contract that is written must be paid in gold and will be paid in gold.

Mr. President, there are over \$100,000,000,000 of contracts now with the gold clause, outside of the Government obligations, and there are all the contracts that the Government has entered into in the form of bonds with the gold clause, and yet there may not be one dollar of gold demanded in the payment. It would not be necessary. The only thing that is necessary is for the Government to announce that it will not violate its contract, and then no bondholder will want to redeem his bond in gold. The moment we discriminate, however, we make gold of a superior value, and every man who can get it will hold it; and there is no law I know of that can make it come out of hiding.

I have been somewhat amused at the argument that we must do this thing because we have not gold enough to pay these obligations in gold. That is folly. It is a simple statement. It is not even elemental. The only thing that is necessary is for the citizen who holds an obligation of the Government to know that the Government is going to treat him honorably. He will not demand payment in gold. He will demand it in any money the Government has which is equivalent to gold.

What has become of the proud boast of America that it does not make any difference in what corner of the globe it may be; it does not make any difference whether it is an American gold dollar, an American silver dollar, an American greenback, an American national-bank note, an American Federal Reserve bank note, an American Federal Reserve note, or whatnot; wherever that obligation is, whether it is in China, in the South Seas, or in any corner of civilization, it passes for 100 cents on the dollar? What has become of that proud boast? Why has it been true in the past? Because Uncle Sam has always been known as honoring his pledge. When he gives a promise he will not violate it.

What now becomes of the pledge? Here our friends are saying that we shall depend now on nothing except the promise of the Government. All we need to do now, it is said, is to issue these bonds on the promise of the Government and believe that they will stay at par, while in the very same breath we are arguing that the Government shall not keep its promise!

Mr. President, I have sympathy with the people who are in debt. I belong to that class. Most of us are. For a man of limited means, I have had as much misfortune in unfortunate investments as most other people. I can state that every investment was made on the basis that I thought it was a safe thing. I never played the market. I never bought a thing in my life on the stock exchange. I never allowed anybody else to do it for me; but I have made a few small investments. All of them have gone the way that most investments go. I have sympathy for people who are in debt. I have voted for bankruptcy laws, and I will vote for the mortgage relief bill. Usually, when we get in debt and have trouble to pay, we tighten up our belts, work a little harder, are a little more frugal, are as industrious as possible and as economical as possible, in the hope that

we can meet our obligations; and if we cannot, then we will sometimes ask for the privilege of bankruptcy relief, and we will go into bankruptcy.

I never believed the Government of the United States would come to that position; but there is where we are today.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. FESS. In a moment.

Senators are stating, time and time again, that we cannot meet our obligations. It cannot be done. We must do this in an emergency. Do what? Confess our bankruptcy, and say we cannot pay, and demand, without the agreement of the other party, that we shall shave down the debt and pay it in terms which are a violation of what we originally agreed to. That is the position in which this Government is today—openly confessing its bankruptcy.

I yield to my friend from Illinois.

Mr. LEWIS. Mr. President, I ask the able Senator from Ohio if he has not unconsciously fallen into error in his statement that these contracts calling for the value of gold of so much fineness, and so forth, call for the delivery of coined gold. Does not my friend realize, and will he not acknowledge, that a contract for the value of so much gold, described as of so much fineness, means only money of the value of the gold? It does not mean to deliver the gold. May I not insist that my able friend recognizes that that kind of a contract does not call for the delivery of gold, but only for money of the value of gold?

Mr. FESS. Exactly.

Mr. LEWIS. It might be the greenback of the United States, which in the East Indies and the West Indies and anywhere else in the world is recognized as the money of the United States of America.

Mr. FESS. I wish the Senator from Illinois had been here when his colleagues were talking about our inability to settle our obligations in gold because we did not have gold enough, as if the contract had to be settled in gold. Nobody ever thought any such thing as that. In other words, I want to observe that we are maintaining the standard of our contracts, and probably it will not be asked that one of these bonds be settled in gold. Not one gold dollar will be asked. Yet on every hand people say we must take this action because there is not gold enough to take care of the face of the bonds. That is a silly statement. I would not think anybody would be impressed by such a statement as that. In other words, just as the Senator from Illinois has stated, it is a question of the value of the money, and not a question of the particular kind of delivery that will be made when the contract is paid.

Mr. LEWIS. Mr. President, I am equally anxious to ask my able friend in what way, then, does the United States indicate what he describes to be a state of bankruptcy? If upon the basis of gold, our money, of whatever nature, is still of the value of gold, where is it bankruptcy if we have both the credit and the money, of any kind or all kinds, to meet our obligations?

Mr. FESS. Mr. President, I thank the Senator for calling my attention to my statement. I want to omit the word "bankruptcy." I do not mean that our Government is in bankruptcy. I mean that the argument that is being offered that we must take this action is an argument that we are in bankruptcy. It is far from my belief that this Nation is in bankruptcy. I think probably my statement might indicate that I thought that, but I do not. On the other hand, I think the Nation has all the natural resources upon which to build a great prosperity, if we could only unlock those resources. But we are far from actual bankruptcy. The argument that we must take this action because we cannot meet the situation is to contend that we ought to go into a court of bankruptcy and have some adjustment made.

I will say to my friend from Illinois, and I should like to have his reaction to this, that I am not sure, if we go on as we are asked to do by this measure, whether we will not be in the position where we will not be able either to borrow sufficient money or to collect taxes with which to meet our obligations. That situation is a dangerous one.

Mr. LEWIS. Mr. President, I reply to my able friend by confessing that I do not understand what he implies by the suggestion that we will tamper with our credit.

Mr. FESS. Tampering with the credit is changing the terms of a contract without the consent of both contracting parties.

Mr. LEWIS. My answer to that is that changing a contract may not in any way tamper with the credit. It may really enhance it in the hands of those who hold the obligation.

Mr. FESS. I am rather surprised at that answer, coming from my friend from Illinois.

Mr. LEWIS. Unless my able friend can indicate to me that a contract is tampered with and its credit depreciated, merely because of a change in the method of payment, I could not agree with him.

Mr. FESS. Let me illustrate what I mean. The Government has followed a policy for 60 years. That policy is to be changed by changing the terms of our contracts. I think that if we changed the terms of all the bonds hereafter to be issued, there would be no immorality, but I think there would be dangerous economic consequences if we should say that from now on we would not issue any bonds containing the gold-redemption clause. I think that economically would have a bad effect, but morally we have a perfect right to do it. However, when we change the contracts already issued, and modify them, taking out a clause which was regarded as an element necessary in their sale, I think it is, first, immoral, and, secondly, certainly would endanger the future credit of our Government.

Whatever differences we may have there is one thing which heretofore never was in dispute, that we have the shade of George Washington pleading for the maintenance of a national credit, of James Madison, of Andrew Jackson, of old Thomas H. Benton, of all the leaders of democracy and of the Whigs, when they were pleading that the Government should never drop below the level of a high moral standard in the observance of its promises.

Not even in Civil War times was any such effort as this made. Think of the type of leadership of Grover Cleveland. I could not help thinking of John G. Carlisle when the Senator from Kentucky [Mr. BARKLEY] was speaking today. What a power for the national credit was that great statesman of Kentucky. Think of the great array of men who never would compromise with any element of dishonor when it came to the question of the National Government maintaining its word. Then see to what lengths we are being led today. There must be some explanation for it.

There is one thing we cannot ever afford to do, and that is go back on the honor of the Nation when we have once pledged it. There is one position the United States never must take; we must not ever stoop to the low level of a promise made only to be broken.

If this Nation maintains its high honor—and if that is gone there is not very much left—if it maintains its high honor, it must not tamper with the obligations it has written into the law.

We used to say, "His word is as good as his bond" and "His pledge is equal to that of the Government." If we enact this measure, what is the pledge of the Government? A solemn promise broken. Men are apt to jeer because they say the bondholder is a rich man. Not at all. We all engaged in the campaign for the sale of Liberty bonds in 1917 and 1918. Congress passed the authorization, and the last clause of the bond authority provided an appropriation for floating those bonds, an appropriation of something like \$2,000,000 to pay the expenses of floating the bonds of the Government.

To whom were those bonds sold? To any and all citizens, and one who did not buy until it hurt was regarded as an ingrate. The bonds were not sold alone to the moneyed people. The campaign upon which we entered throughout this Nation included an approach to men and women who were ill-prepared to buy bonds, but we put it up to them that it was their duty to buy them, and they bought them.

I do not mean that the gold clause written in the bond was so much of an element in the sale of the bonds. It might have been to the big buyers, but it was not so to a very large proportion of the people. But it must not be understood that that is not an element of value in those bonds; and there should be no movement to take it out, because if left in, it will make issues of future bonds of less value. That is confessedly the reason for the attempt to take out that clause. That itself is dishonorable, because it is an effort, immediately a confession, that we will take out of the bonds already in existence some value that is in them.

Mr. President, there are 2 or 3 other items I desire to discuss. One is as to the effect of the effort to enforce a contract in the courts of the United States because it contains specific terms, if the Government itself, which supports the courts, will not respect the terms of its contracts. Then I want to discuss another feature, the effect this action would have upon what we will receive from the countries of Europe in settlement of their debts to us in the depreciated currencies of those countries. Although France is on a gold basis, she has stabilized her franc at only one fifth of its real worth in terms of gold, and the question is whether, after having canceled more than one half of her debt, we are to be paid one fifth of the balance of it.

Mr. KEAN. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. FESS. I yield.

Mr. FLETCHER. Mr. President, of course the Senator has a right to suggest the absence of a quorum, but I hope very much that we may proceed. This is a very urgent matter, and we have not very much time.

Mr. KEAN. Mr. President, it is now 4 o'clock on Saturday afternoon, and most of the Senators are absent from the Chamber. It is not fair that a few should be required to remain here if there is not to be a quorum. Therefore I insist upon my suggestion of the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Russell
Ashurst	Dickinson	La Follette	Schall
Bachman	Dieterich	Lewis	Sheppard
Bailey	Dill	Logan	Shipstead
Bankhead	Duffy	Loung	Smith
Barbour	Erickson	McAdoo	Steiwer
Barkley	Fess	McCarran	Stephens
Black	Fletcher	McGill	Thomas, Okla.
Bone	Frazier	McKellar	Thomas, Utah
Borah	George	McNary	Thompson
Bratton	Glass	Metcalf	Townsend
Brown	Goldsborough	Murphy	Trammell
Bulkley	Gore	Neely	Vandenberg
Bulow	Hale	Norris	Van Nuys
Byrd	Harrison	Nye	Wagner
Byrnes	Hatfield	Overton	Walcott
Capper	Hayden	Patterson	Walsh
Caraway	Hebert	Pope	Wheeler
Carey	Johnson	Reed	White
Clark	Kean	Reynolds	
Connally	Kendrick	Robinson, Ark.	
Coolidge	Keyes	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present. The Senator from Ohio has the floor.

Mr. FESS. Mr. President—

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. I ask the Senator from Ohio to yield to me for a moment in order that I may make a statement. It was announced to the Senate on yesterday that it would be necessary, if possible, to vote on the pending joint resolution today. The indications are that the debate will be prolonged. Notwithstanding, I make the request that all Senators remain in access to the Chamber, in order that a vote may be had without the necessity of sending out for Senators. That will be done, however, if the necessity arises.

Mr. McNARY. Mr. President, will the Senator from Arkansas yield to me?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. Certainly.

Mr. McNARY. Will the Senator permit me to propound an inquiry?

Mr. ROBINSON of Arkansas. Certainly.

Mr. McNARY. I know it is the desire of the Senator to get a vote on this very important measure today. The Senator knows, however, the difficulty of getting a quorum on Saturdays, when there is such a great accumulation of work. In view of the present situation, would it not be possible to make an agreement as to a time for voting on Monday?

Mr. ROBINSON of Arkansas. I am aware of what the Senator states; but the fact is well known—it has been announced—that the Treasury has a number of important transactions to be undertaken on Monday, June 5. For that reason it was announced several days ago that it was desired that this joint resolution be acted on prior to that date. That is the reason I am not in a position to consent to postponing a vote until Monday. I realize that all that the Senator from Oregon has said is true; yet, notwithstanding that fact, when the absence of a quorum was unexpectedly suggested a few moments ago, a quorum immediately responded; and I desire now to express my thanks to Senators for the promptness with which that result was secured.

Mr. McNARY. It occurred to me that possibly Monday would not be too late a day to bring about a vote on the joint resolution. If that were done, it would accommodate a great many Senators.

Mr. ROBINSON of Arkansas. Announcement was made 2 or 3 days ago that the effort would be made to dispose of this joint resolution not later than today; it was thought that it might be done earlier, so that we might recess over today, but I repeat I am not in a position to consent to a postponement; and it is my policy—and I say it frankly—insofar as I can do so, to keep the Senate in session today until the vote shall be taken.

Mr. FLETCHER. I want to say to the Senator from Arkansas that all arrangements have been made for issuing certain notices by the Treasury Department on Monday, and the Department cannot go on with that until this measure shall have been acted on; so it is necessary to proceed with it now.

Mr. FESS. Mr. President, I am not finding any fault whatever with the position of the Senator from Arkansas. Only a few days ago I talked with him about these two measures, this one and the industrial recovery bill, and said to him that unless we speeded up the measure then delaying us we would not get through unless we held night sessions, and that we might not get through even then. I told him that these two measures would require some time for discussion. The Senator from Arkansas knows very well that what I am saying is within reasonable limits of time. I am not killing time, as he knows. This proposed legislation is to me the most important measure that has yet come before us, for it deals with the credit of the Government and its solemn pledge.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. I do not wish to question the good faith of the Senator from Ohio or of any other Senator, but I think I do see signs—and I think everybody else here who is not blind sees them—of a disposition on the part of some Senators to protract this debate and to carry the issue over, so that the Treasury Department will be under a condition of uncertainty when it finds it necessary to act. I myself do not care to contribute to that end, and I am making it plain to Senators now that, so far as I am concerned, I will seek a vote on this measure before there shall be either a recess or an adjournment.

Mr. FESS. Mr. President, so far as reaching a decision on this measure is concerned, it is perfectly obvious that it would be the most foolish thing for anyone who is opposed to it to enter into any kind of obstructive tactics to delay a vote. The votes for it are here; they are going to be cast for it; the decree has gone forth. I know before the vote is taken what the result will be, and everyone else knows it. I have not the slightest desire to defer a vote for a minute. All I want to do is to express my opposition to the action about to be taken and to give some of the reasons why I so seriously disapprove of what we are proposing here to do. I shall not detain the Senate for more than 10 or 15 minutes and then I shall be through.

I think when the Government sets the example of breaking its own pledge and ignoring the terms of its own contract, it opens the way for everyone who does not want to abide by the terms of a contract into which he has entered to disregard it; and when the terms of a contract are disregarded and the courts are called upon to determine whether its terms can be changed, the Government that changes the terms of its own contract is in a poor position to enforce the decree of a court that refuses to allow the terms of a contract to be changed. I know there must be something serious in the background or we would not be asked to humiliate ourselves to the degree of causing the Government to violate its solemn pledge.

Not only that, but we are complaining here, and rightfully so, against our foreign debtors for not expressing a willingness, at least, to the extent of their ability, to pay what they owe us. I do not know whether there is going to be any serious effort on the part of some of those countries to pay what they owe. Of course, we cannot enforce payment. We would not be so foolish as to resort to the only possible way to enforce it, which would be war. We would not think of such a thing as that. If those countries decide to default, I see no remedy at all so far as forcing them to pay is concerned.

But how can we show any distaste or retribution of any kind against a debtor country that refuses to obey the terms of a contract when our own country violates the terms of its own contract with its own citizens? It immediately gives an opportunity and a background for those nations to say, "You do not pay your own citizens in accordance with the terms of your own contract. We therefore are not bound to respect the terms of our contract." I have never said very much about the position of those countries. I have come to the conclusion that every step indicates that they are going to default in a measure. If they decide to default, that is their business. So far as I am concerned, however, I do not propose ever to vote an agreement to permit them to cancel. But if we do not obey the terms of the contract this Government makes with its own citizens, how can we have the face to say to those countries that they must obey the terms of the contract we have with them?

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Montana?

Mr. FESS. I yield.

Mr. WHEELER. When we demonetized silver in 1873, we did exactly the same thing then with silver that we are now doing with gold, because bonds at that time were payable in either gold or silver; that is, they were payable in coin.

Mr. FESS. The Senator has frequently referred to that fact. The Senator knows that up to 1873 there were only about 8,000,000 silver dollars in circulation in all our history. Silver in the bullion was worth more than silver in the coin; so it was not profitable to use silver for money, because it was more profitable to use it as a commodity. When the question of monetization was dropped out of the law, there was no thought that there was to be any great reduction of the monetary circulation, because there was no silver in circulation at that time, as the Senator knows. I have heard that statement a thousand times, and yet those are the facts, and the Senator knows it. The Senator does not want to drive me to opposition with his view on silver, does he?

Mr. WHEELER. No; but I do want to call attention to this fact: Before we demonetized silver, silver was worth more than bullion. Consequently, the person who held Government bonds that were payable in coin was deprived of having the bonds paid in silver. In other words, we did then with silver exactly what we are doing now with gold. Daniel Webster contended that we had no constitutional right to do it; but, notwithstanding that fact, we did it.

Mr. FESS. The Senator knows that Daniel Webster was dead 20 years before the demonetization of silver took place. He died in 1852, and the demonetization of silver took place in 1873.

Mr. WHEELER. He contended always that we had no right to demonetize silver. I have his speech. If the Senator has any doubt with reference to it, I can get a specific quotation from the speech he delivered in the Congress of the United States.

Regardless of that fact, I say that when we demonetized silver, when the bonds of the United States provided that they should be paid in coin of the United States, we did to silver then exactly what we are doing now to gold; and there was no contention by those who then believed so faithfully in gold that we were depriving the people of the country of any contractual right which they had with the Government.

Mr. FESS. Does my friend endorse the demonetization of silver in 1873?

Mr. WHEELER. I did not.

Mr. FESS. Does he endorse it now?

Mr. WHEELER. No, indeed; I do not. I should like to see it remonetized; but because of the fact that we have not remonetized it, we are driving the Government to do exactly what we are doing at this present time. If the Senator from Ohio had gone along with me with reference to the remonetization of silver, we would not have found ourselves in the position we are in, where we are compelled to go off the gold standard and in effect demonetize gold so far as the United States is concerned.

Mr. FESS. The Senator has stated that what we did in 1873 to silver is nothing more than we are doing now to gold; and yet he condemns that step, but he approves this one. It is rather singular for the Senator to take both those positions in the same breath.

Mr. WHEELER. The Senator misunderstood me. I say we have a constitutional right to do it. Under the Constitution we have the right to do it.

Mr. FESS. I do not deny it.

Mr. WHEELER. Under the Constitution we have a right to do this.

Mr. FESS. I do not deny it.

Mr. WHEELER. I thought the Senator was contending that under the Constitution we have no right to do it.

Mr. FESS. No. I am of the opinion, while it is a disputed question, that there is no violation of the Constitution in this particular proposal.

Mr. GLASS. Mr. President, will the Senator yield to me for a personal statement?

Mr. FESS. I am very glad to yield to the Senator from Virginia.

Mr. GLASS. I find that I am obliged to leave the Senate. I simply desire to announce for the Record that if present I should vote against the passage of the joint resolution, and that I am paired with the senior Senator from Idaho [Mr. BORAH].

Mr. FESS. Mr. President, there would be nothing so surprising to me as an announcement from the Senator from Virginia that he would be anything else than opposed to such a measure as this. My only surprise is that there are so many Senators who ought to think as he is thinking, but who, for some reason or other, take the view that we can violate the contract of our Government with its citizens, and who still think we can float bonds on a basis of that kind. I am anxious to see what will be the progress and the success of this Government up to October 1, when we come to float bonds to meet the maturing obligations. Then we will remember what has been said here today.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Pennsylvania.

The amendment was rejected.

The PRESIDING OFFICER. The joint resolution is still open to amendment.

Mr. McNARY. Mr. President, I was on my feet to secure recognition before the amendment was adopted. I feel that we should have an expression by a roll call on the amendment. I ask unanimous consent that the vote by which the amendment was adopted may be reconsidered, and that we may have a roll call upon the adoption of the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Robinson, Ind.
Bachman	Dickinson	King	Russell
Bailey	Dieterich	La Follette	Schall
Bankhead	Dill	Lewis	Sheppard
Barbour	Duffy	Logan	Shipstead
Barkley	Erickson	Loneragan	Smith
Black	Fess	McCarran	Stelwer
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Bratton	George	Metcalf	Thompson
Brown	Goldsborough	Murphy	Townsend
Bulkley	Gore	Neely	Trammell
Bulow	Harrison	Norris	Vandenberg
Byrd	Hatfield	Overton	Van Nuys
Byrnes	Hayden	Patterson	Wagner
Capper	Hebert	Pope	Walcott
Caraway	Johnson	Reed	Wheeler
Carey	Kean	Reynolds	White
Clark	Kendrick	Robinson, Ark.	

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, a quorum is present.

Mr. McNARY. I ask for the yeas and nays.

Mr. TRAMMELL. Mr. President, I desire to occupy not more than 3 to 5 minutes prior to the vote.

A few moments ago I sent to the desk an amendment to this joint resolution. When I sent the amendment to the desk, however, it was not my purpose to ask for a vote on it this afternoon. Therefore, I will leave the amendment on the desk to be printed and offer it to some other bill in the early part of next week.

Briefly, the amendment deals with the situation portrayed in an article which appeared in the Washington Times yesterday afternoon, headed "Forestry Vets Sacrificing Benefits", which I ask to have printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FORESTRY VETS SACRIFICING BENEFITS—BONUS ARMY BOYS WHO JOINED CORPS CANNOT CONTINUE TO DRAW COMPENSATION

Members of the last bonus army here who volunteered for the reforestation service will lose their veterans' disability compensation.

The Veterans' Administration said today that such men would come under section 10 of the President's revised veterans' relief regulations.

THREE CLASSES HIT

This section stipulates:

"No person holding office or position, appointee or elective, under the United States Government or municipal government of the District of Columbia or any corporation, the majority of stock of which is owned by the United States, shall be paid a pension or emergency officers' pay, except (1) those receiving pension or emergency officers' retirement pay for disabilities incurred in combat with an enemy of the United States, and (2) those persons so employed who are protected by special provisions of the act."

The Veterans' Administration explained that the regulation applies not only to the veterans who enlisted in the reforestation service but to member employees in veterans' homes and hospitals and to certain Government employees receiving small salaries in addition to compensation from the administration.

NO MORE CHECKS

The Veterans' Administration, Gen. Frank T. Hines, it was said, has these three classes under consideration with reference to what recommendations might be made to the President in their behalf.

Meanwhile the bonus boys who became foresters at the Government's invitation are going to receive a shock when their next compensation check is due.

They aren't going to collect.

Mr. TRAMMELL. The substance of this article is that the veterans who have enlisted in the Government's reforestation service have lost their compensation or their pension on account of entering that service, under some law which says that veterans shall not be allowed compensation when in the Government service, and also under a regulation which has been promulgated.

I think there must have been some oversight in attempting to take the compensation or pension away from some poor, destitute veteran who entered the reforestation service, where he is to receive only \$30 per month. It is to protect him against this, which I believe to be an injustice, and certainly the result of some order or regulation that was not seriously considered, that I have sent the amendment to the desk and shall offer it to some other bill early next week. I do not want to delay a vote on this measure.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Pennsylvania [Mr. REED].

Mr. ROBINSON of Arkansas and other Senators called for the yeas and nays, and they were ordered.

Mr. REED. May the amendment be stated?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 10, after the word "obligation" it is proposed to strike out the words "heretofore or", so as to read:

Every obligation, hereafter incurred—

And so forth.

The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk proceeded to call the roll.

Mr. FRAZIER (when Mr. Nye's name was called). On this question my colleague [Mr. Nye] is paired with the senior Senator from Maryland [Mr. TYDINGS]. If my colleague were present he would vote "nay", and I understand that the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKellar], who is unavoidably detained from the Senate. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

The roll call was concluded.

Mr. LEWIS. I desire to announce a pair on this question between the Senator from Louisiana [Mr. Long] and the Senator from Massachusetts [Mr. Walsh]. If present, the Senator from Louisiana would vote "nay", and the Senator from Massachusetts would vote "yea."

Mr. LOGAN. I have a general pair with the junior Senator from Pennsylvania [Mr. Davis], who is absent. Not knowing how he would vote on this question, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. ROBINSON of Indiana. Has the junior Senator from Mississippi [Mr. STEPHENS] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. ROBINSON of Indiana. I have a general pair with the Senator from Mississippi. In his absence I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. HEBERT. The Senator from Maine [Mr. Hale] has a pair with the Senator from Mississippi [Mr. Harrison]. I understand that if those Senators were present the Senator from Maine would vote "yea", and the Senator from Mississippi would vote "nay."

Mr. HARRISON (after having voted in the negative). As has just been stated, I am paired with the Senator from Maine [Mr. Hale]. I find, however, that I can transfer my pair with him to the senior Senator from Arizona [Mr. Ashurst]. I do so, and will allow my vote to stand.

Mr. HEBERT. The Senator from Vermont [Mr. Austin] is paired with the Senator from Nevada [Mr. Pittman]. If present, the Senator from Vermont would vote "yea", and the Senator from Nevada would vote "nay."

The Senator from Delaware [Mr. Hastings] is paired with the Senator from Colorado [Mr. Costigan]. On this ques-

tion the Senator from Delaware would vote "yea" and the Senator from Colorado would vote "nay."

The Senator from Vermont [Mr. DALE] is paired with the Senator from California [Mr. McADOO]. On this question I am informed that the Senator from Vermont would vote "yea" and the Senator from California would vote "nay."

The Senator from Idaho [Mr. BORAH] is paired with the Senator from Virginia [Mr. GLASS]. I am informed that on this question the Senator from Virginia would vote "yea" and the Senator from Idaho would vote "nay."

Mr. BORAH (after having voted in the negative). As announced by the Senator from Rhode Island, I have a pair with the senior Senator from Virginia [Mr. GLASS]. As he has not come into the Chamber and my pair should be, and has been, announced, I withdraw my vote.

Mr. LEWIS. Mr. President, I could not hear altogether the announcement of the Senator from Rhode Island [Mr. HEBERT]. I assume, however, that the Senator from Rhode Island presented a full list of the pairs so far as our Republican colleagues are concerned.

I desire to say that the Senator from Tennessee [Mr. McKELLAR], the Senator from Nevada [Mr. PITTMAN], the Senator from Colorado [Mr. COSTIGAN], the Senator from Louisiana [Mr. LONG], and the Senator from California [Mr. McADOO] have authorized me to say that were they present and at liberty to vote on this particular question they would vote "nay."

I desire to announce that the Senator from Nevada [Mr. PITTMAN] is absent in attendance upon the London Economic Conference.

I also desire to announce that the Senator from Colorado [Mr. COSTIGAN] is necessarily detained from the Senate by reason of illness.

Mr. KENDRICK. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from New Mexico [Mr. BRATTON], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Louisiana [Mr. LONG], the Senator from Tennessee [Mr. McKELLAR], the Senator from Mississippi [Mr. STEPHENS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent on official business.

The result was announced—yeas 21, nays 48, as follows:

YEAS—21

Bailey	Gore	McNary	Vandenberg
Barbour	Hatfield	Metcalf	Walcott
Carey	Hebert	Patterson	White
Dickinson	Johnson	Reed	
Fess	Kean	Schall	
Goldsborough	Keyes	Steiwer	

NAYS—48

Adams	Caraway	Kendrick	Robinson, Ark.
Bachman	Clark	La Follette	Russell
Bankhead	Connally	Lewis	Sheppard
Barkley	Dieterich	Loneragan	Shipstead
Black	Dill	McCarran	Smith
Bone	Duffy	McGill	Thomas, Okla.
Brown	Erickson	Murphy	Thomas, Utah
Bulkley	Fletcher	Neely	Thompson
Bulow	Frazier	Norris	Trammell
Byrd	George	Overton	Van Nuys
Byrnes	Harrison	Pope	Wagner
Capper	Hayden	Reynolds	Wheeler

NOT VOTING—27

Ashurst	Couzens	King	Pittman
Austin	Cutting	Logan	Robinson, Ind.
Borah	Dale	Long	Stephens
Bratton	Davis	McAdoo	Townsend
Coolidge	Glass	McKellar	Tydings
Copeland	Hale	Norbeck	Walsh
Costigan	Hastings	Nye	

So Mr. REED's amendment was rejected.

Mr. WALCOTT. Mr. President, I desire to offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 22, it is proposed to strike out the comma and the words "excepting currency" and to insert in lieu thereof the following:

Incurred on and after the date this resolution takes effect, excepting currency, but not including any such obligation incurred prior to such date which by its terms is payable in gold or gold coin.

Mr. WALCOTT. Mr. President, the purpose of this amendment is to make it impossible for the United States Government to repudiate past obligation with reference to gold payments. In other words, even if this joint resolution should be agreed to with this amendment on it, then the United States Government may not default with reference to gold payments on any of its Government bonds.

Mr. President, I wish in connection with this to make a carefully considered and very brief statement.

The basic provision, contained in lines 3 to 14 on page 2, reads:

Every provision which purports to give the obligee a right to require payment in gold is declared to be against public policy, and no such provision shall be contained in or made with respect to any obligation hereinafter incurred.

Assuming that what is desired is merely to displace gold from its position as a preferred form of contractual obligation, the provision quoted seems to go much too far and to place the whole proposal in an absurd light. It is not necessary to forbid the making of such contracts, and to do so would seem to be a serious infringement of the right of free contract.

The language of the joint resolution, in lines 14 to 19, page 2, seems to be a hasty catch-all provision designed to repeal gold contracts wherever specified in the laws of the United States.

I read those lines, as follows:

Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

This seems a careless way of bringing about a result which ought to be effected through detailed study of the statutes with a view to repealing only those things that need repeal. It is probable that this clause would repeal a great many provisions that ought not to be altered, certainly in any such way as proposed, with resultant embarrassment.

The definition of the term "obligation" to include all obligations of the United States except currency is repudiation of Government debts, and as such, needs no comment whatever.

On page 3, section 2, an amendment is provided for the last sentence of subsection B, section 43, of the act of May 12, 1933. This gives a blanket legal-tender power to all coins and currencies of the United States. This is an unwise provision, which reverses the whole tenor of our note-currency legislation for years past. It gives the legal-tender power to national-bank notes, and this is a step always resolutely opposed in the past by financial authorities of every party. It also reverses those provisions which have protected the gold revenues of the United States by withholding the legal-tender quality from various kinds of paper in the past. It is an unnecessary and gratuitous step, not called for by the requirements of the case as set forth in the resolution itself.

Mr. President, we borrow gold, and we pay our debts in paper. We borrow paper, and we pay our debts in shells. We borrow shells, and we pay our debts in pebbles. That is the inevitable degradation of a currency system when we get away from an established base. We can experiment to almost any reasonable extent with various economic laws until we touch the base of the currency. We can have a 75 or perhaps even a 50 percent batting average with the experiments along lines of price control, and a thousand other avenues in our industrial relations. But the minute we disturb contractual obligations, the foundation of our currency, we begin to flounder.

This amendment applies only to those obligations which have already been issued by the Federal Government, and I hope very much indeed that it will be agreed to, and save

the United States from what I believe to be a public disgrace and an international calamity, a default.

On Mount Sinai, on a table of stone, four words were written which I think apply to our present dilemma if we fall from grace in this respect—"thou shalt not steal."

Mr. JOHNSON. Mr. President, before the Senator takes his seat, may I ask him to explain, if he will, one phrase here? We start in the first section of the joint resolution, on page 2, with this language:

Every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold * * * is declared against public policy.

Then, in line 20, we undertake to explain what the term "obligation" means, when we say:

As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency).

What is the construction of the two words "excepting currency"?

Mr. WALCOTT. Mr. President, my amendment is to amend this particular language, to amplify the language, and make it refer to all obligations of the United States Government already issued. I agree with the Senator that there is ambiguity in this particular item.

Mr. JOHNSON. Mr. President, I will not assert any ambiguity except with myself in regard to it. It may be perfectly plain; but what is meant by "currency" there which is excepted from the definition of obligation?

Mr. WALCOTT. The only thing I can think of is that it means what it says; that is, either hard metal or gold certificates calling for payment in metal.

Mr. REED. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. REED. Our Federal Reserve notes carry on them the legend "Payable in gold on demand." They are excepted from the class of obligations which are repudiated by this joint resolution.

Mr. JOHNSON. That is exactly what I wanted to ascertain.

Mr. REED. After this joint resolution is enacted these Federal Reserve notes—I happen to have just one here in my pocket—

Mr. JOHNSON. May I have it? [Laughter.]

Mr. REED. I am afraid the Senator would be forced by this legislation to pay me back in some kind of "monkey" money, so I cannot lend it to him; but it carries these words on it:

Redeemable in gold on demand at the United States Treasury or in gold or lawful money at any Federal Reserve bank.

We all know that that promise is broken every time such a bill is presented at the Treasury. The Government will not redeem it in gold.

Mr. JOHNSON. That is exactly what this measure says, is it not?

Mr. REED. That is what it says, yes; but that is just another promise that is going to be broken.

Mr. JOHNSON. I do not construe it in that fashion. I construe this, if the Senator will pardon me, merely to mean that as to the obligations referred to it will not be permissible to pay any of them in gold, save currency.

Mr. REED. That is exactly it.

Mr. JOHNSON. May I ask the distinguished Senator from Florida, the chairman of the committee, if that is his construction of it?

Mr. FLETCHER. My construction of it is that that bill would be payable in gold, that the gold is there in reserve with which to redeem it.

Mr. JOHNSON. Then, we are making certain obligations of the Government payable in gold, and we are making certain other obligations of the Government not payable in gold. Is that correct?

Mr. FLETCHER. The currency is payable in gold.

Mr. JOHNSON. How much currency of that sort is outstanding?

Mr. REED. Something over \$2,000,000,000, the last time I looked it up.

Mr. JOHNSON. Is that fairly accurate, may I ask the Senator from Florida?

Mr. FLETCHER. I should think that is accurate.

Mr. JOHNSON. Is there any good reason why, even though this particular currency bears the proviso that it is payable in gold, the distinction should be made between that currency, over two billions of which is outstanding, and the bonds which the Congress of the United States has decreed shall be payable in gold, and which the Government of the United States has decreed should be payable in gold? There may be a very good reason for the distinction. I am endeavoring to ascertain, that is all.

Mr. FLETCHER. The bonds are payable in money, and there is a gold reserve. The bonds are payable in money.

Mr. JOHNSON. But they are payable in gold.

Mr. WALCOTT. Expressly.

Mr. JOHNSON. It is expressly provided so, not only provided by the Government when it sells them but provided by us when we authorize the issuance.

Mr. FLETCHER. I will say to the Senator that there may be some future legislation with reference to this item, and this leaves the matter open so that there may be. There is to be a great Economic Conference, and we do not know just what will result from that Economic Conference. This leaves it open, so that if Congress hereafter decides to pay in bullion instead of in coined gold, it would have the right to do that. It may be, a time will come when we will cease coining these gold pieces and pay in bullion instead of the coin itself.

Mr. JOHNSON. I repeat, I am asking merely for information. Then, as I understand the Senator, the design of the joint resolution is that some things shall yet be payable in gold and some things shall not yet be payable in gold.

Mr. FLETCHER. It may be. That will be entirely a matter to be determined.

Mr. JOHNSON. Then the upshot of it is that we are going half way off the gold standard, so far as this joint resolution can take us—we have gone off it long ago—and we are remaining halfway upon the gold standard.

Mr. BULKLEY. Mr. President, is it possible that the gold promise of the Federal Reserve note is merely a promise to redeem in gold, and that if the content of the gold dollar should be reduced it could be redeemed by paying a smaller gold dollar, whereas the obligation of the bonds and of the certificates requires payment in gold of a specified standard of weight and fineness?

Mr. JOHNSON. That is, there is a contemplation in the joint resolution, then, that we will pay this currency in a smaller gold dollar. Is that it?

Mr. BULKLEY. In connection with the Thomas amendment to the farm bill, it would seem to me that would be a reasonable interpretation.

Mr. JOHNSON. This illustrates, Mr. President, the one thing in which I am interested. I am not opposed to this joint resolution, and I do not want to be opposed to it; but I do not like the idea that with a measure of this magnitude, explained as this measure has just been explained, we should hasten with such rapidity and celerity under such explanations.

Mr. FLETCHER. Mr. President, I may say to the Senator, if the Senator from Connecticut will permit me to interrupt, that this joint resolution deals with interest-bearing obligations. It does not disturb the base of the currency, so far as that item is concerned.

Mr. GORE. Mr. President, the remark of the Senator from California, that this measure leaves us half on the gold standard and half off the gold standard, reminds me of what the old farmer said about the mermaid: "Too much woman to fry, too much fish to hug." [Laughter.]

Mr. JOHNSON. Will the Senator please repeat that?

Mr. GORE. No; I will not. [Laughter.]

Mr. JOHNSON. Must I be relegated to the CONGRESSIONAL RECORD to enjoy the wit of the Senator from Oklahoma? [Laughter.]

Mr. WALCOTT. Mr. President, I desire to thank the Senator from California for raising the question with refer-

ence to the currency. I still think there is ambiguity in the use of the word "currency"; and, as to his last question, I am perfectly certain that it is explained in section 2, where it is provided that—

All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. WALCOTT. I yield.

Mr. REED. Will not this joint resolution as it is now explained leave us in just this position—that our bonds will be payable, not in gold, but in currency, and that when one has obtained that currency it will be payable in gold, except that nobody knows how big the gold dollar will be with which it is paid?

With that state of uncertainty, American business is expected to go ahead and recover. Is that the understanding?

Mr. WALCOTT. I think that is exactly right. It provides, "shall be legal tender only at valuation in proportion to their actual weight", referring to these pieces of metal which we are to except.

Mr. GORE. That is the law now.

Mr. LEWIS. Mr. President, the Senator from Pennsylvania—skilled and educated upon this question, as all of us will bear testimony from his different presentations on the subject—called our attention to the Federal Reserve notes. I will ask the Senator whether he does not, in looking at the bill which he exhibited, admit that that bill provides that it shall be redeemable in gold—then some other items—and then "lawful money"? What distinction does my able friend make between "lawful money" as written in the bill and gold?

Mr. REED. The bill contains a promise that it will be paid in gold at the Treasury, or either in gold or in lawful money at any Federal Reserve bank. If one wants gold positively, he has only to go to the Treasury for it; and if the administration and the Government keep the promise, he will get the gold.

Mr. LEWIS. What does my able friend say is the meaning of the words "lawful money", if they do not mean such money as the Government has made lawful for the payment of debts?

Mr. REED. Of course, that is what they mean.

Mr. LEWIS. Then under this measure it becomes lawful money of the same value as gold.

Mr. REED. It is lawful money now.

Mr. LEWIS. Then, upon that basis, I ask my friend, since it is lawful money and the joint resolution does not make any change, where is the difference between the value of the gold and the lawful money?

Mr. REED. Just where it was in Germany. Germany issued so much lawful money that it took a million times a million marks to buy an orange, but it was still lawful money.

Mr. LEWIS. That was a squeezing process, I realize. [Laughter.]

Mr. REED. Yes.

Mr. LEWIS. But the distinction is that this is not Germany; this is the United States of America, and here is the American Treasury, while that was Germany, in the condition in which they were after the war.

Mr. REED. German credit was bad from the time she treated her promise as a scrap of paper.

Mr. LEWIS. I am anxious to impress upon my friend from Pennsylvania this thought: If the bill he carries in his pocket provides for payment in gold or some other form or fashion of lawful money, does not the promise of the Government mean that, whatever the form of the money, it is American money, and therefore redeemable in gold?

Mr. REED. Under the act of 1902, as I recall, all money of America is exchangeable for gold, and since 1878 until now there has never been any doubt in anyone's mind of the interchangeability of our different forms of money.

Mr. LEWIS. But the bill the Senator exhibited carries the same value, does it not, as the gold dollar will carry?

Mr. REED. Of course, because it is interchangeable.

Mr. LEWIS. Then, since it is interchangeable with gold, the gold does not purchase any more than the bill itself does. I understand the Senator; it is interchangeable merely to get coin; but does the gold dollar buy any more than the paper dollar?

Mr. REED. Of course it does. When it was interchangeable freely it did not, because the value was identical; but the moment we went off the gold standard, then just so soon paper money started to drop in value. Back in 1870 the paper dollar was lawful money, but it was worth only 35 cents in gold. Now we are starting on that path again.

Mr. LEWIS. This is not the America of that day; this is the America of unbounded credit, of vast gold in its Treasury, of vast resources behind it, and bonds, behind which are the security and honor of the country.

Mr. REED. Precisely.

Mr. LEWIS. We had a civil war in those days.

Mr. REED. Yes; but the Civil War was over in 1870.

Mr. LEWIS. But we were still suffering from the results of it.

Mr. REED. If the Senator will bear with me—

Mr. LEWIS. Certainly.

Mr. REED. In 3 months the gold value of our paper money has gone down 20 percent.

Mr. LEWIS. I hope the Senator will permit me to correct him. He calls attention to the fact that it has gone down in value. It has only gone down in speculation on Wall Street, in the hands of those who speculate in money, but not in its value, in its power to purchase the commodities, or in its usefulness in trade and commerce.

Mr. REED. If the Senator cares to put it in that way, all right, but we can test its value accurately by contrasting its purchasing power in gold currency today with its purchasing power 3 months ago. It is necessary now to pay 20 percent more in order to buy a Swiss franc or a French franc or an Italian lira than it was necessary to pay on the 4th of last March.

Mr. LEWIS. Why does an American have to purchase money of foreign countries which has been so greatly depreciated by virtue of their laws and their methods and systems? Our American dollar holds before the world a value equal to and in excess of foreign moneys.

Mr. REED. We have to get coffee from other lands and to pay for it in foreign money. That would seem to be fairly obvious. The same thing is true of tin and sugar and hemp and a long list of commodities which I could mention to the Senator.

Mr. LEWIS. Does not the Senator assume that we pay it by either exchange of goods or entries on books? We do not pay in gold. Am I not right about that?

Mr. REED. We did pay in gold. Until we put an embargo on gold we stood ready to pay our balances in gold at all times; but the moment we put on the embargo down started the dollar and the moment we repudiate our public debt, as we are now proposing to do, down the dollar will go further.

Mr. LEWIS. In speculation, in the hands of those who speculate in money. I ask the Senator if he wants to convey the impression that if this joint resolution shall be passed the note he has disclosed to us from his pocket, which he says is redeemable in gold or legal money, will not be redeemed according to the way in which it is written?

Mr. REED. I am sure of it. The Senator has only to go to the Treasury at the other end of Pennsylvania Avenue and ask our Government to perform its promise, and he will be laughed at.

Mr. LEWIS. Then, what do the words "lawful money" mean on the bill?

Mr. REED. The words "lawful money" are not used with regard to the Treasury. The inscription is "redeemable in gold at the Treasury", and that promise is being broken every time a bill is taken to the Treasury, although we have more gold in the Treasury today than has any other country in the world.

Mr. LEWIS. I ask the able Senator, then, if we have more gold than we have ever had before, is it not behind all this money and is not the money in proportion to the gold behind it of a gold value?

Mr. REED. Not a bit of it.

Mr. LEWIS. That is where we differ, and I think it is a fundamental difference.

Mr. REED. Because when the Government declines to part with its gold that gold might as well be at the bottom of the ocean, because, unlike any private citizen, the Government cannot be forced to meet its promise.

Mr. LEWIS. But the theory is that the promise is to be kept with lawful money.

Mr. GORE. Mr. President, the Senator from Illinois just remarked that America of today is not the America of the Civil War. I have here an extract from a speech delivered by Charles Sumner in this Chamber on this subject at a time when we were on a paper-money basis, when there was no gold in the country, when there was no silver in the country, and it was delivered at just about the time the Supreme Court held that a contract which by its express terms called for payment in gold coin of standard weight and fineness was an enforceable contract; indeed, the Court said it was, to all intents and purposes, a bullion contract. I desire to have read the passage from Charles Sumner's address.

Mr. LEWIS. Let me ask the Senator from Oklahoma if it was not the address in which he spoke of the money as being repudiated? Am I not right?

Mr. GORE. Yes, sir; he did.

Mr. LEWIS. Perhaps it was due to his attitude of mind toward his country at that particular time, because it sought to make some common concessions in the interest of peace.

Mr. GORE. The speech was delivered in 1868, several years after hostilities between the States had been concluded.

Mr. LEWIS. The able Senator knows that the word "reconstruction" carries with it much suggestion.

Mr. GORE. Yes; but even in that hectic and chaotic age Mr. Sumner held fast and firm to the obligation of the United States to do what it promised to do. That is all I am insisting upon.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

[From the Congressional Globe—Speech of Mr. Sumner in the Senate June 11, 1868]

The proposition to pay bonds in greenbacks becomes futile and fatuous when it is considered that such an operation would be nothing more than the substitution of greenbacks for bonds and not a payment of anything. The form of the debt would be changed; but the debt would remain. Of the twenty-five hundred millions which we now owe, whether in greenbacks or bonds, every dollar must be paid sooner or later or be ignobly repudiated. By paying the interest of the bonds in coin instead of greenbacks the annual increase of the debt to this extent is prevented. But the principal remains to be paid. If this be attempted in greenbacks, it will be by an issue far beyond all the demands of currency. There will be a deluge of greenbacks. The country must suffer inconceivably under such a dispensation. The interest on the bonds may be stopped by the substitution; but the currency will be depreciated infinitely beyond any such dishonest saving. The country will be bankrupt. Inconvertible paper will overspread the land to the exclusion of coin or any chance of coin for some time to come. Farewell, then, to specie payments. Greenbacks will be everywhere. The multitudinous mice that swam the Rhine and devoured Bishop Hatto in his tower were not more destructive. The cloud of locusts described by Milton as "warping on the eastern wind" and "darkening all the land of Nile" were not more pestilential.

Mr. GORE. Mr. President, it seems to me that some Senators confuse names and things. The word "dollar" they confuse with the thing, the intrinsic worth embodied in that dollar. The discharge of one promise to pay with another promise to pay is not payment.

I think I can illustrate this by a parable or a fable. I agreed to deliver to a market man in this city on yesterday 100 dozen eggs. I tendered 100 dozen as fine eggshells as any cook ever saw. The market man was a little punctilious. He refused to accept the eggshells as eggs. He now insists upon my paying the eggs instead of shells; and I want, therefore, to amend this measure or the Agricultural Relief Act by providing that my shells shall be immediately tenderable in payment of eggs. [Laughter.]

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Connecticut [Mr. WALKOTT].

Mr. HEBERT. Mr. President, I am not disposed to detain the Senate unduly by a discussion of the pending measure; but I cannot bring myself to vote upon it without saying something regarding what I consider to be a dishonor to the Nation, if this proposed act shall become a law.

The discussion up to this point appears to have proceeded upon the theory that the pending joint resolution affects only Government obligations; at any rate, the discussion has been limited to its effect upon obligations issued by the Government of the United States. Of course, it is much more far-reaching than that, as Senators may readily observe from a reading of its provisions. Let me quote a very few lines from section 1, beginning in line 3, on page 2, as follows:

That (a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy.

That, Mr. President, means, of course, that this proposed law will apply not only to the obligations issued by the United States Government but it will apply to the obligations payable in gold issued by every corporation, by every individual, by every citizen of the United States and outstanding at the present time. So, not only is the Government going to debase its own honor but it is going to put its citizens in the position of doing that very same thing. I venture to say that no man within the sound of my voice, no man who sits as a Member of this august body, would ever be willing to take advantage of the provisions of this measure in settling his obligations with his fellow men.

As I have had occasion to meet with the citizens of my State, I have repeatedly gloried in the fact that our Government has always done honor to its obligations. I have repeatedly called the attention of the citizens of my State to what has occurred in the countries of Europe, those countries where there has been a revaluation of the money. I have called attention to the fact that the Government of France has revalued its franc so that at the present time it is worth, and for some years past it has been worth but 4 cents, whereas formerly it was worth 20 cents compared with our money, and what that revaluation meant to the citizens of that country, losing, as they did, four fifths of that which they had been able to set aside for a rainy day or for the future. I have frequently called attention to what occurred in Italy, where the lira had been revalued so that it is now worth 5 cents, in view of its former value of 20 cents, and what that has meant to the citizens of that country; that through all these changes abroad the Government of the United States has maintained the dollar, and that it was still worth 100 cents everywhere. I regret, if this measure becomes a law, that I shall have to take back what I have said so often in the presence of the citizens of my State, because it will no longer be true.

What is going to happen to those obligations issued not only by the Government of the United States but by corporations, by individuals perhaps domiciled in this country and sold abroad? Are they going to be permitted to dishonor their credit? Are they going to be permitted to say they refuse to honor their solemn promises to pay their obligations in accordance with their terms? Really, if the pending joint resolution becomes a law, that is going to be a way open to them.

That will not be the end of the matter either. I said a moment ago that the Governments of France and Italy

and of other countries of Europe have revalued their moneys. If now we are to provide a different means of settling our obligations, what is going to happen when we come to demand the payment of our war debts, which this Congress has repeatedly said shall not be canceled? Both great political parties and the candidates of both parties have repeatedly promised their constituents that under no circumstances would those debts be canceled. If the measure becomes a law, then why cannot the people of France say to the Government of the United States, "We have revalued our franc. You have revalued your dollar, in effect. We will pay you on the basis of our revaluation, just as you are paying your obligations to us on the basis of your revaluation."

Italy might well say, when she comes to pay her obligations to the United States, "When we made our promise to you the lira was worth 20 cents in your money. At that time your dollar was worth 100 cents. Now, however, there has been a revaluation of your dollar, just as there has been a revaluation of our lira, and we shall pay you our obligation on the basis of our revalued money, just as you are paying your obligations to us on the basis of your revalued money."

Mr. GORE. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. GORE. The measure authorizes the payment of obligations in paper money or any money designated in the measure, including, as I understand it, nickels and copper pennies. [Laughter.]

Mr. HEBERT. Mr. President, I am not unmindful of the solemn statement made by the candidates of both parties for the high office of President of the country during the last campaign. We were assured on every hand that we should continue to have a sound currency. We were assured that there was no danger of our going off the gold standard. We were assured that the value of our money would be held up to par, as it had always been throughout the years. But when we are asked to pass a measure like this I hesitate to think what must have been in the minds of the candidates of the party now in power when they were making those statements to the electorate of the country.

I can see absolutely no objection, as a matter of policy, to providing that as to obligations to be issued in the future they shall not contain a provision making them payable in gold. I can well understand, as a matter of policy, that we could go along with such a provision of law. But as to the obligations now existing—obligations solemnly entered into between the parties, the conditions of which were known to all who would learn—I cannot see the wisdom, I cannot see the justice, I cannot see the equity of passing a measure which would change the conditions of such obligations at this time.

Mr. President, it is tantamount to changing the rules in the middle of the game. We heard a reference to that during the last campaign. That is not American. It is not good sportsmanship. Above all, it is not honorable.

I do wish that this administration should be willing to reconsider its determination to foist upon the country any such measure as we are considering at this time.

Mr. LEWIS. Mr. President, I do not want to misunderstand the position or the statement made a few moments ago by the Senator from Pennsylvania. May I ask the Senator from Pennsylvania if I am right in assuming that he presents the thought that if the joint resolution which is now pending is passed, the provision authorizing gold to be taken from the Treasury would end and have no value?

Mr. REED. No; this particular type of promise is excepted from the bill. The measure declares it to be against the public policy for the gold clause to have been in bonds in the past, but excepts currency from that provision.

Mr. LEWIS. Does the Senator contend that if the amendment tendered by the able Senator from Connecticut [Mr. WALCOTT], asking that currency be stricken out, were agreed to, then the currency could not be paid in gold?

Mr. REED. That would be repudiated, too. As a matter of fact, it has already been repudiated by the Treasury.

Mr. LEWIS. I think I see there is really no difference.

Mr. REED. No; there is not the slightest difference.

If the Senator will pardon me for speaking in his time, I may say to the Senator from Illinois that the pending measure declares it to be against public policy for our Government to have made the promise that it made in my paper dollar in pursuance of law then existing. The law at the present moment requires our bonds to be payable in gold of the standard of value existing at the time of their issue. The pending measure declares that that law was against public policy. It repudiates our solemn promise, just as it violates the solemn assurance which Mr. Roosevelt gave on the eve of his election last November.

Mr. WHEELER. Mr. President, I desire to invite attention to statements repeatedly made on the floor of the Senate that if the joint resolution is passed, it means that our dollar will no longer be worth 100 cents. Of course, our dollar is going to be worth 100 cents, regardless of whether the joint resolution passes or whether it does not pass. Senators have repeated again and again that the dollar is not going to be worth 100 cents, and that we are not keeping our dollar at par.

What is par for a dollar, and when is a dollar worth 100 cents? Our dollar is at par when it has the same purchasing power in one year that it has in another. Senators on the other side of the Chamber are contending that we are repudiating because of the fact that we are intending to raise commodity prices in comparison with the gold dollar. The gold dollar formerly purchased less commodities than it does now. In 1926 it purchased much less than it does at the present time. At the present time, notwithstanding the fact that commodity prices have risen, the gold dollar is much higher than it was in 1926 or 1928. The value of the dollar is a relative thing compared with commodities throughout the world.

The Senator from Pennsylvania [Mr. REED] talks about repudiation, and about the American dollar going down in value. I invite attention to the fact that at the present time it is much higher, and has much greater purchasing power, in this country or in any other country, than it had in 1926. The reason why it has gone down in purchasing power in European countries at the present time is not that our dollar has depreciated so much as because of the fact that foreign currencies have depreciated to such an extent that they were completely putting us out of the world market. I have called attention to the fact that what we have done by keeping our country constantly upon the gold standard, and keeping our dollar higher, has been to depreciate the price of silver. What we were doing was to build up the industries of China and India and Japan; and every time we did anything to build up those industries we were putting men on the streets in the United States of America.

When England went off the gold standard, and when she depreciated her currency 30 percent, what did it mean to Great Britain? It meant that instead of her people continuing to be unemployed, they began to go back to work and be employed—just exactly the same thing that happened in this country when there was talk of our going off the gold standard. Immediately commodity prices began to rise.

The Senator from Pennsylvania [Mr. REED] today talked about labor, and how labor was affected by reason of the fact that commodity prices have gone up. Did the Senator from Pennsylvania, or anybody on the other side of the Chamber, complain when the United States Steel Corporation and every other great corporation in this country slashed wages by reason of the high-priced dollar, and because of the fact that they were unable to sell their commodities abroad? Not at all. The high-priced dollar compelled all of the great corporations and industrial organizations in the United States to cut wages and throw people out of employment.

Let me say to the Senate that there is only one way in which wages can be kept high, and that is by having a market for the work of the men. In other words, it does not make any difference how many labor organizations there are; if there is not work for the men, wages are going down.

This bill, in my judgment, is not going to have the disastrous effect which has been predicted for it on the floor by the opposition. I am convinced that we had to take this stand. We are not repudiating our debts. We are doing simply what the Constitution of the United States gives us the right to do. That is, we are going to lower the purchasing power of the dollar. In my judgment, that will help to bring back prosperity to the United States of America. It seems to me that the people who are contending that we should keep our present high-priced dollar are doing a disservice to this country, and are only helping the industrialists of other countries.

Without taking up any more of the time of the Senate, I submit that this joint resolution should pass.

Before sitting down, however, since so much has been said about gold, I desire to call attention to a very brilliant speech made by Mr. Ingalls, United States Senator from Kansas, on February 15, 1878. Mr. Ingalls was one of the outstanding Members of this body. On the subject of gold, he said:

If we are to have a monometallic standard, I believe silver to be immediately preferable to gold. It is less subject to fluctuation; its production is more steady; its cost more uniform. No enduring fabric of national prosperity can be built on gold.

GOLD IS THE MONEY OF MONARCHS

Kings covet it; the exchanges of nations are effected by it. Its tendency is to accumulate in vast masses in the commercial centers, and to move from kingdom to kingdom in such volumes as to unsettle values and disturb the finances of the world. It is the instrument of gamblers and speculators, and the idol of the miser and the thief. Being the object of so much adoration, it becomes haughty and sensitive and shrinks at the approach of danger, and whenever it is most needed it always disappears. At the slightest alarm it begins to look for a refuge. It flies from the nation at war to the nation at peace. War makes it a fugitive. No people in a great emergency ever found a faithful ally in gold. It is the most cowardly and treacherous of all metals. It makes no treaty that it does not break. It has no friend whom it does not sooner or later betray. Armies and navies are not maintained by gold. In times of panic and calamity, shipwreck and disaster, it becomes the chief agent and minister of ruin. No nation ever fought a great war by the aid of gold.

I call attention to the fact that during the last war it became necessary for practically every country to go off the gold standard.

On the contrary, in the crisis of greatest peril it becomes an enemy more potent than the foe in the field; but when the battle is won and peace has been secured, gold reappears and claims the fruits of victory. In our own Civil War it is doubtful if the gold of New York and London did not work us greater injury than the power and lead and iron of the rebels. It was the most invincible enemy of the public credit. Gold paid no soldier nor sailor. It refused the national obligations. It was worth most when our fortunes were lowest. Every defeat gave it increased value. It was in open alliance with our enemies the world over, and all its energies were evoked for our destruction. But, as usual, when danger has been averted and the victory secured,

GOLD SWAGGERS TO THE FRONT

and asserts the supremacy.

Bank notes were originally issued in amounts precisely equal to the representative value of the gold and silver in the vaults, and they were intended merely to preserve the metals from loss by abrasion from use and from the depredations of thieves. But gradually they were issued largely in excess of this in order to release for more remunerative purposes a greater amount of productive capital. If by any process all business were compelled to be transacted on a coin basis, and actual specie payments should be enforced, the whole civilized world would be bankrupt before sunset. There is not coin enough in existence to meet in specie one-thousandth part of the commercial obligations of mankind. Specie payments, as an actual fact,

WILL NEVER BE RESUMED

neither in gold nor silver, in January 1879, nor at any other date, here nor elsewhere. The pretense that they will be is either dishonest or delusive.

The American people have no special reverence for coin. They believe that all money, whether of metal or paper, is a creation of law and has precisely the value that the Government issuing it declares it shall possess. The creation of money is a power delegated to Congress by the people. Its unit must necessarily be arbitrary, and its value rests upon the consent of the Nation. The relative value of silver and gold to each other as compared with other commodities cannot be ascertained. It is affected by a thousand circumstances that operate every day and hour.

I likewise desire to call attention to a statement which was made upon this subject by Mr. Ingalls in which he quotes from two London papers. He says:

The act of February 25, 1862, authorizing the issue of 5.20 bonds, provides that the interest shall be paid

NOT IN GOLD, BUT COIN

That act also provides that duties on imports shall be paid not in gold, but in coin. The same act created the sinking fund, payable not in gold, but coin.

The act of February 17, 1862, makes its obligations payable not in gold, but coin.

The act of July 11, 1862, makes its obligations payable not in gold, but coin.

The act of March 3, 1863, providing for the issue of \$900,000,000, makes them payable not in gold, but coin.

The act of March 3, 1864, for a loan of \$200,000,000, makes it payable not in gold, but coin.

The act of June 30, 1864, to borrow \$400,000,000, makes it payable not in gold, but coin.

The act of March 3, 1865, for \$600,000,000, makes them payable in "coin or other lawful money"; not gold, but coin or greenbacks.

The act of March 18, 1869, "An act to strengthen the public credit", "to remove any doubt as to the purpose of the Government to discharge all just obligations to the public creditors, and to settle conflicting questions and interpretations of the laws by which such obligations have been contracted", solemnly pledges "the faith of the United States" "to the payment" "of all the obligations of the United States not bearing interest, known as United States notes", "in coin or its equivalent", and of all interest-bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligation has expressly provided that the same may be paid in lawful money or other currency than gold and silver.

All our debt is payable in coin. Silver was legal coin when the debt was contracted. Therefore

THE DEBT IS PAYABLE IN SILVER

The odious cant about repudiation and dishonor is a knavish device to intimidate a people who have always respected their obligations. The great journals of Europe entertain no such opinions. The London Times recently said: "It could in no sense be called repudiation if silver were made the sole standard of the United States tomorrow." The London Economist, the special organ of British financial opinions, in speaking of the same subject uses the following language:

"If, at the present moment, America would become a silver country, the interest and principal of her obligations would be paid in silver. The evil, of course, would not be what the momentary circumstances of the market would now suggest. Silver would not be at 54 pence per ounce if America was a country with a sole silver currency. So large a demand as her coin requirements would send up the price very rapidly—perhaps to its old amount."

There can be no doubt of the constitutional authority of Congress to create a silver-dollar unit containing any number of grains greater or less than 412½. The only question to be determined is, What shall the weight of the dollar be? I am clearly of opinion that while the dollar of 412½ grains is required by the terms of our contract, it will be

TOO VALUABLE FOR DOMESTIC USES

One of the gold organs of New York says:

"It was the fact that in these countries—that is, the states of the Latin union—15½ ounces of silver could be exchanged for 1 of gold that caused our dollar of 412½ grains to be exported as fast as it was coined, as that coin was based upon 16 to 1, and was, therefore, worth 3 percent more in Europe than at home; and if silver should recover its lost value and be remonetized on the basis of 412½ grains, it would for the same reason be impossible to keep it in the country."

But even this condition of affairs will not be without its consolations. The advocates of gold have endeavored to leave the impression that this drainage of silver would be like blood spilled upon the ground to be drunk by the thirsty sands. But if silver goes abroad it will travel as merchandise and not as money. At the distance of three marine leagues from the shore it becomes commodity, and will sell for what it is actually worth in the land to which it goes, and it will send back gold, bonds, silk, wine, cutlery, broadcloth to the land from whence it came.

The issue of silver will also tend to remedy the evils which have resulted

FROM THE CONTRACTION OF OUR CURRENCY

not by operation of law alone, but by those great natural causes which are apparent to the most casual scrutiny.

When we talked about the remonetization of silver in this body, the Senator from Pennsylvania [Mr. REED] and others upon the other side of the Chamber said that that would be a repudiation of our gold contracts. When we talk now about paying them in the lawful money of the United States, they say that is repudiation, notwithstanding the fact that the Senator from Ohio [Mr. FESS] today said that, of course, these contracts would never be paid in gold.

No one expects them to be paid in gold. The Senator from Ohio knows that these bonds will not be paid in gold, and nobody expects them to be. The holders only expect them to be paid in the lawful currency of the United States, and whether that currency is worth a lot or whether it is worth little does not depend upon the amount of gold that we have in the Treasury of the United States. It depends almost entirely upon the faith of the people of the United States in our going out and collecting taxes to pay our debts and to take care of our obligations. That is what it depends upon and not upon the amount of gold.

To my way of thinking, Mr. President, this joint resolution will have little, if any, effect excepting to assist the President of the United States at the World Economic Conference in settling the exchange question, which is bound to come up early on the agenda of that conference.

Mr. WALCOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dickinson	Kendrick	Robinson, Ind.
Bachman	Dieterich	Keyes	Russell
Bailey	Dill	Lewis	Schall
Bankhead	Duffy	Logan	Sheppard
Barbour	Erickson	Lonerger	Shipstead
Barkley	Fess	McCarran	Smith
Black	Fletcher	McGill	Steiner
Bratton	Frazier	McNary	Thomas, Okla.
Brown	George	Metcalf	Thomas, Utah
Bulkeley	Goldsborough	Murphy	Thompson
Bulow	Gore	Neely	Trammell
Byrd	Harrison	Norris	Vandenberg
Byrnes	Hatfield	Overton	Van Nuys
Capper	Hayden	Patterson	Wagner
Carey	Hebert	Pope	Walcott
Clark	Johnson	Reed	Wheeler
Connally	Kean	Robinson, Ark.	White

The PRESIDING OFFICER. Sixty-eight Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Connecticut [Mr. WALCOTT].

Mr. McNARY. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). On this vote I have a pair with the senior Senator from Maine [Mr. HALE], which I transfer to the senior Senator from Arizona [Mr. ASHURST], and vote "nay." I am advised that if present the Senator from Maine [Mr. HALE] would vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I therefore withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. FRAZIER (when Mr. NYE's name was called). On this question my colleague [Mr. NYE] has a pair with the senior Senator from Maryland [Mr. TYDINGS]. If my colleague were present, he would vote "nay", and I understand that if the Senator from Maryland [Mr. TYDINGS] were present he would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). In the absence of the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, I withhold my vote.

Mr. SCHALL (when his name was called). I have a pair with the junior Senator from Arkansas [Mrs. CARAWAY]. If the Senator from Arkansas were present, she would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. AUSTIN] with the Senator from Nevada [Mr. PITTMAN];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Colorado [Mr. COSTIGAN];

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO];

The Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. McKELLAR]; and

The Senator from Virginia [Mr. GLASS] with the Senator from Idaho [Mr. BORAH].

If present and voting, Mr. AUSTIN, Mr. HASTINGS, Mr. DALE, Mr. TOWNSEND, and Mr. GLASS would vote in the affirmative, and Mr. PITTMAN, Mr. COSTIGAN, Mr. McADOO, Mr. McKELLAR, and Mr. BORAH would vote in the negative.

Mr. LEWIS. I desire to announce that if present the Senator from Massachusetts [Mr. WALSH] would vote "yea", and the Senator from Louisiana [Mr. LONG] would vote "nay."

I also desire to announce that the Senator from Nevada [Mr. PITTMAN] is en route to attend the London Economic Conference.

I wish to announce that the Senator from Colorado [Mr. COSTIGAN] is detained from the Senate by illness.

I also desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Maryland [Mr. TYDINGS], the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Massachusetts [Mr. WALSH], the Senator from Tennessee [Mr. McKELLAR], the Senator from California [Mr. McADOO], the Senator from Arkansas [Mrs. CARAWAY], and the Senator from Washington [Mr. BONE].

The result was announced—yeas 26, nays 38, as follows:

YEAS—26

Bailey	Goldsborough	Lonerger	Reed
Barbour	Gore	McCarran	Steiner
Bulkeley	Hatfield	McNary	Vandenberg
Byrd	Hebert	Metcalf	Walcott
Carey	Johnson	Murphy	White
Dickinson	Kean	Overton	
Fess	Keyes	Patterson	

NAYS—38

Adams	Connally	Kendrick	Smith
Bachman	Dieterich	Lewis	Thomas, Okla.
Bankhead	Dill	McGill	Thomas, Utah
Barkley	Duffy	Neely	Thompson
Black	Erickson	Norris	Trammell
Bratton	Fletcher	Pope	Van Nuys
Brown	Frazier	Robinson, Ark.	Wagner
Bulow	George	Russell	Wheeler
Byrnes	Harrison	Sheppard	
Clark	Hayden	Shipstead	

NOT VOTING—32

Ashurst	Costigan	King	Pittman
Austin	Couzens	La Follette	Reynolds
Bone	Cutting	Logan	Robinson, Ind.
Borah	Dale	Long	Schall
Capper	Davis	McAdoo	Stephens
Caraway	Glass	McKellar	Townsend
Coolidge	Hale	Norbeck	Tydings
Copeland	Hastings	Nye	Walsh

So, Mr. WALCOTT's amendment was rejected.

Mr. THOMAS of Oklahoma. Mr. President, I should like to have the attention of the chairman of the committee, the Senator from Florida [Mr. FLETCHER], and of the senior Senator from Arkansas [Mr. ROBINSON].

In my State one of our corporations is refinancing to a considerable extent. The bonds have been printed; and, of course, not knowing that this measure was coming on, those bonds have been printed in the usual terms, payable in gold of the present weight and fineness.

I do not desire to disturb or modify the joint resolution, but I do desire to submit for the consideration of the Senator in charge of the bill and to the senior Senator from Arkansas and others an amendment which will permit this refinancing to go ahead without disturbance.

On page 2, in line 9, we find a prohibition against refinancing if the refinancing bonds contain the gold clause. I submit an amendment to the effect that this shall not be a prohibition until 15 days from the date of the approval of the joint resolution. It does not in any sense change the joint resolution, and the only possible objection to it would be that perhaps the administration desires to have the joint resolution go into effect immediately.

If the House would agree to this amendment, which does not change the joint resolution, it would take care of the refinancing of a substantial amount in my State, and would not in any sense change the form of the pending measure.

Of course, after this measure is enacted, if the company to which I have referred should issue these gold bonds, the joint resolution provides that they can be payable in currency, in lawful money, and, of course, the company would understand that, and that would be no bar.

Mr. FLETCHER. Mr. President, the trouble is that if there is an amendment put on this joint resolution in the Senate it will have to go back to the House. The House is not in session now, and I do not know when the House might take it up. The House might agree to it, or it might not, and if it did not, the matter would have to go to conference, and it might be several days before the joint resolution could be enacted.

I wish very much the Senator would not offer the amendment. If any amendment shall be made to the joint resolution, I do not see how we can accomplish what the Treasury says is absolutely necessary to the proper conduct of the financial affairs of the Government through the enactment of this measure now.

Any amendment would require that the measure go back to the House. On that account I hope the Senator will not offer the amendment. I should have to oppose it; and under the circumstances I think it is very important to the country at large, to all our people, and certainly it is important in the conduct of our financial affairs by the Treasury, that we act on the joint resolution now and pass it without amendment, without making it necessary to send it back to the House.

I might suggest to the Senator that all the company to which he has referred would have to do would be to reprint the bonds, and that would be better than to delay the joint resolution.

Mr. ROBINSON of Arkansas. Mr. President, the Senator also addressed his remarks to me. I merely desire to say that I am constrained to agree in the statement made by the Senator from Florida. I hope the Senator from Oklahoma will not feel compelled to offer the amendment.

Mr. THOMAS of Oklahoma. Mr. President, I realize that in the face of the objection of the Chairman of the Committee on Banking and Currency, in charge of the pending measure, and the objection of the senior Senator from Arkansas, my amendment would probably not be agreed to; but I felt it necessary to present this amendment in order to attempt to protect a situation which will be very embarrassing to a substantial concern in my State.

In order that the record may be made, I desire to submit the amendment and have it placed in the RECORD.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment was as follows: On page 2, in line 9, to strike out the word "hereafter", and after the word "incurred", to strike out the period and to insert the words "at a time more than 15 days after the date of the approval of this joint resolution."

Mr. SCHALL. Mr. President, it seems to me that there are four problems to consider in the joint resolution before us, each in a different field of study, economics, morality, legality, and psychology.

The question of economics arises from the relative positions of debtors and creditors and as to which class should bear the burden of loss due to a change in value of the medium of exchange.

Morals are concerned with the issue arising from a congressional fiat that declares that a dollar labeled such on paper shall have the same value as has a gold dollar of the present weight and fineness. Such is not the case in practice, for we need only look at the foreign exchanges to know that already our paper dollars are worth only 85 cents. We are now trying by law to tell the American people that that is not so, and that either one, gold or paper, is worth the same.

The legality of the retroactive clause in this resolution is in doubt, but likely unconstitutional in accordance with the view taken by the United States Supreme Court in the case of *Bronson v. Rodes* (7 Wallace, 229), where the Court ordered payment in the metal where there existed a disparity between metal and paper.

The fourth element, that of psychology, seems to me to be equally persuasive in leading me to believe that the proper thing to do here is to vote against this resolution.

We confess here we are unable to pay our debts according to our contractual agreements. We have more gold now than we had when we entered into these contractual obligations, and yet we say we cannot pay as we agreed. We offer instead paper money, as that is just as good—so Congress says, because it has the power to say so.

What possible effect can this declaration have on the mind of the people of the country? This is the same position as was recently taken by the banks when they told their depositors they did not have the money and needed a moratorium. With the banks closed, business stopped and we reached the bottom of the depression. Bank credit having been taken out of our financial structure, values fell to the lowest level since the so-called "hard times" began. To reestablish confidence in our banks the Government now has to guarantee bank deposits. We cannot survive as a Nation without the use of banks.

Now we proceed to destroy confidence in our money, our currency, by saying that we have not enough gold back of it to pay as agreed, so we insist on handing our creditors paper money. This declaration will cause people to "run from the dollar" to spend their money in commodities, causing an artificial stimulus to business, higher prices as the money depreciates, and finally destruction of value of money and a collapse of the price structure. This is the result history proves in each instance to follow. Russia right now by legislative fiat says that her rubles are worth two for a dollar; she knows that across her border they are buying five or six or more for a dollar.

We are setting out to make a similar attempt by destroying the faith of the American dollar when we say we will not redeem in gold, and history has not failed to demonstrate the same conclusion in each instance, a collapse of values and a destruction of confidence in the national currency.

The integrity of the American dollar has never been questioned in our memory; let us not leave to our descendants a blemish on that faith.

I ask unanimous consent to have printed in the RECORD an item from the New York Times of May 28, 1933, written by Mr. W. B. Sheppard, of Denver, Colo., in regard to the subject which I have been discussing.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 28, 1933]

STABLE CURRENCY FOUND ESSENTIAL—FLUCTUATIONS IN VALUE HIT ALL CLASSES IN THIS COUNTRY

TO THE EDITOR OF THE NEW YORK TIMES:

"The origin of legal tender among English-speaking people", said Edward Atkinson, "was the decree of an English king making it a penal offense to refuse the king's money after he had debased it."

In this country the validity of this doctrine was first asserted by the Legal Tender Act of February 1862, which made greenbacks "a legal tender in payment of all debts, public and private, except duties on imports and interest on the public debt." This legislation, frankly a war measure, was held by the United States Supreme Court, 5 to 3, in 1870 (*Hepburn v. Griswold*, 8 Wallace, 603), not to govern contracts entered into prior to its enactment. In 1871 two vacancies on this bench were filled by the appointment of Justices Strong and Bradley; 2 days after the confirmation of the latter the Attorney General moved for a reconsideration; and a few months later *Hepburn v. Griswold* was formally overruled as to prior contracts. In 1833 this Court held (*Juillard v. Greenman*, 110 U.S. 421) that Congress possessed the prerogative of declaring any old thing a legal tender for all debts payable in dollars, no matter when contracted.

Since 1833, in this country, most long-term obligations have contained stipulation for payment in "gold coin of the present standard of weight and fineness." In 1868 this Court had held (*Bronson v. Rodes*, 7 Wallace, 229) that such contracts are enforceable. And this distinction between real and fiat money was recognized in the words of the act of May 1878, "unless otherwise expressly stated in the contract."

The PRESIDING OFFICER. The question is on the third reading of the joint resolution.

The joint resolution was ordered to a third reading, and was read the third time.

The PRESIDING OFFICER. The question now is, Shall the joint resolution pass?

Mr. REED and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). Making the same announcement of the transfer of my pair with the Senator from Maine [Mr. HALE] to the Senator from Arizona [Mr. ASHURST], I vote "yea." The Senator from Maine, if present, would, I am advised, vote "nay."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the junior Senator from North Carolina [Mr. REYNOLDS] and vote "yea."

Mr. FRAZIER (when Mr. NYE's name was called). On this vote my colleague [Mr. NYE] is paired with the senior Senator from Maryland [Mr. TYDINGS]. If my colleague were present, he would vote "yea", and if the Senator from Maryland were present he would vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I again announce my general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote if present, I withhold my vote.

Mr. SCHALL (when his name was called). I am paired with the junior Senator from Arkansas [Mrs. CARAWAY]. If she were present she would vote "yea", and if I were permitted to vote I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I wish to announce that the Senator from Nevada [Mr. PITTMAN] is paired with the Senator from Vermont [Mr. AUSTIN], the Senator from Colorado [Mr. COSTIGAN] is paired with the Senator from Delaware [Mr. HASTINGS], the Senator from Louisiana [Mr. LONG] is paired with the Senator from Massachusetts [Mr. WALSH], and the Senator from California [Mr. McADOO] is paired with the Senator from Vermont [Mr. DALE]. The Senator from Louisiana desires it especially announced that if present he would vote "yea." I understand that if present the Senator from Massachusetts [Mr. WALSH] would vote "nay", while the other Democratic Senators whose names I have mentioned, if present, would vote "yea." I am so authorized to announce.

I wish also to announce that the Senator from Nevada [Mr. PITTMAN] is absent, en route to the London Economic Conference, and that the Senator from Colorado [Mr. COSTIGAN] is detained from the Senate by illness.

I desire further to announce that the following Senators are absent on official business:

The Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. McADOO], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Mississippi [Mr. STEPHENS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Massachusetts [Mr. WALSH].

Mr. McKELLAR. I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. If he were present, I am advised that he would vote "nay." Therefore I transfer my pair to the junior Senator from Washington [Mr. BONE], and will vote. I vote "yea."

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. AUSTIN] is paired with the Senator from Nevada [Mr. PITTMAN] and that the Senator from Virginia [Mr. GLASS] is paired with the Senator from Idaho [Mr. BORAH]. The Senator from Vermont and the Senator from Virginia, if present, would vote "nay" on this question, and the Senator from Nevada and the Senator from Idaho, if present, would vote "yea."

The result was announced—yeas 48, nays 20, as follows:

YEAS—48

Adams	Bankhead	Bratton	Byrd
Bachman	Barkley	Brown	Byrnes
Bailey	Black	Bulow	Capper

Clark	Harrison	McKellar	Shipstead
Connally	Hayden	Murphy	Smith
Dieterich	Kendrick	Neely	Thomas, Okla.
Dill	La Follette	Norris	Thomas, Utah
Duffy	Lewis	Overton	Thompson
Erickson	Logan	Pope	Trammell
Fletcher	Loneragan	Robinson, Ark.	Van Nuys
Frazier	McCarran	Russell	Wagner
George	McGill	Sheppard	Wheeler

NAYS—20

Barbour	Goldsborough	Kean	Reed
Bulkley	Gore	Keyes	Steinwer
Carey	Hatfield	McNary	Vandenberg
Dickinson	Hebert	Metcalf	Walcott
Fess	Johnson	Patterson	White

NOT VOTING—23

Ashurst	Costigan	Hastings	Reynolds
Austin	Couzens	King	Robinson, Ind.
Bone	Cutting	Long	Schall
Borah	Dale	McAdoo	Stephens
Caraway	Davis	Norbeck	Townsend
Coolidge	Glass	Nye	Tydings
Copeland	Hale	Pittman	Walsh

So the joint resolution was passed.

The preamble was agreed to.

Mr. FLETCHER. Mr. President, I ask that Senate Joint Resolution 56 may be indefinitely postponed.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. Mr. President, before that action is taken, I wish to ask a question. Reserving the right to object, I should like to ask the Senator from Florida what it is that he asked be indefinitely postponed?

Mr. FLETCHER. It is a Senate joint resolution similar to the House joint resolution which has just been passed, the Senate resolution having been submitted by me and referred to the Committee on Banking and Currency, reported back and placed on the calendar. Meantime the House passed a similar joint resolution on the same subject, and the Senate has considered and passed the House joint resolution.

Mr. NORRIS. Very well; I have no objection.

The PRESIDING OFFICER. Without objection, Senate Joint Resolution 56 will be indefinitely postponed.

RELIEF OF HOME OWNERS

Mr. BULKLEY. I move that the Senate proceed to the consideration of House bill 5240.

Mr. HARRISON. Mr. President, will the Senator withhold that motion for a moment?

Mr. BULKLEY. I withhold it.

Mr. HARRISON. May I ask the Senator if his bill shall be taken up, will he not permit me on Monday to submit a conference report on the electric-energy tax at some time that is agreeable?

Mr. BULKLEY. I shall have no objection to that being done.

Mr. HARRISON. Very well.

OHIO RIVER BRIDGE AT OWENSBORO, KY.

Mr. BARKLEY. Mr. President, will the Senator withhold the motion for a moment?

Mr. BULKLEY. I withhold the motion.

Mr. BARKLEY. Mr. President, in 3 or 4 days the time will expire within which the State Highway Commission of Kentucky may commence the construction of a bridge at Owensboro, Ky. I ask unanimous consent that the Committee on Commerce may be discharged from the further consideration of the bill (S. 1815) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky., and that the bill may be considered and acted upon at this time.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. Mr. President, reserving the right to object, I should like to ask the Senator from Kentucky how much time has the company within which to commence the building of the bridge?

Mr. BARKLEY. It is a bridge to be constructed by the State Highway Commission of the State of Kentucky. A good deal of preliminary work has been done, but the time will expire now in 4 or 5 days.

Mr. NORRIS. Has there been a bill for the construction of the bridge passed heretofore?

Mr. BARKLEY. A bill has heretofore been passed giving them the right to build the bridge, but the time under that bill is about to expire.

Mr. NORRIS. When was that bill passed? How much time have they had?

Mr. BARKLEY. They have had a year, but, of course, the conditions for financing have been adverse, and it is desired that the permit be renewed. It is a matter in which the State Highway Commission of Kentucky is vitally concerned.

Mr. NORRIS. Over what river will the bridge be built?

Mr. BARKLEY. The bridge will be built over the Ohio River at Owensboro, Ky., connecting Kentucky and Indiana. It is all right, I will say to the Senator.

Mr. VANDENBERG. Mr. President, may I inquire of the Senator from Kentucky is not this the same bridge bill which was reported from the subcommittee last year, over which I was the presiding chairman?

Mr. BARKLEY. The bill was reported from the Committee on Commerce during the last Congress and was passed by Congress.

Mr. VANDENBERG. I recall it very well.

Mr. NORRIS. Mr. President, if the bill passed last year, what is the necessity for the bill now?

Mr. BARKLEY. It was passed during the last Congress and the time provided in that bill is about to expire and will expire next week.

Mr. NORRIS. I should like to ask what provisions are in this bill we are about to take up in regard to tolls? Tolls are provided for, are they?

Mr. BARKLEY. Under the laws of Kentucky the State highway commission has authority to build toll bridges, to pay for the construction of the bridges out of the tolls, and to issue bonds with which to obtain the money to build the bridges. This bill simply provides an extension of time under the original act passed by Congress.

Mr. NORRIS. Under the proposed statute, will the time come when the bridge will be free?

Mr. BARKLEY. Absolutely. Under our law when the tolls have paid for the bridge the bridge automatically becomes free.

Mr. NORRIS. I presume this bill follows the regular formula that the committee has prescribed?

Mr. BARKLEY. There is a formula prescribed by the committee, and that formula was complied with in the passage of the original act. This bill merely extends the time within which the bridge may be commenced under the terms of the original act.

Mr. NORRIS. Then, as I understand, it is not a new measure for the building of the bridge?

Mr. BARKLEY. No.

Mr. NORRIS. But it simply extends the time for building the bridge provided in the original act?

Mr. BARKLEY. That is correct.

Mr. NORRIS. I think I have no objection, Mr. President.

The PRESIDING OFFICER. The Senator from Kentucky asks unanimous consent that the Committee on Commerce be discharged from the further consideration of Senate bill 1815. Is there objection? The Chair hears none, and the Committee on Commerce is discharged from the further consideration of the bill.

Mr. BARKLEY. I now ask unanimous consent that the Senate proceed to the consideration of the bill.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky., authorized to be built by the State Highway Commission of Kentucky by an act of Congress approved June 9, 1932, are hereby extended 1 and 3 years, respectively, from June 9, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

RELIEF OF HOME OWNERS

Mr. BULKLEY. I ask for a vote on my motion that the Senate proceed to the consideration of House bill 5240.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

RECEPTION AND REFERENCE OF EXECUTIVE NOMINATIONS

Mr. ROBINSON of Arkansas. Mr. President, it is necessary to have a brief executive session. Pending that question, I ask unanimous consent that if executive nominations shall be sent to the Senate before the hour of 7 o'clock this evening and the Senate shall not be in session the Secretary may receive and the Vice President may refer the nominations.

Mr. McNARY. Will the Senator briefly state the reason for the request?

Mr. ROBINSON of Arkansas. I have been advised that the messenger is on his way from the White House with sundry nominations.

Mr. McNARY. The Senator simply wants authority to have the nominations referred to the appropriate committees?

Mr. ROBINSON of Arkansas. Yes; and to prevent the necessity for holding the Senate in session, the President having requested the nominations be received today.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

THE CALENDAR

The PRESIDING OFFICER. Reports of committees are in order. If there be no reports of committees, the calendar is in order.

ASSISTANT SECRETARY OF THE TREASURY

The Chief Clerk read the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

Mr. LA FOLLETTE. Mr. President, on the last occasion an executive session was held, the senior Senator from Michigan [Mr. COUZENS], a member of the Finance Committee, asked that the nominee, Mr. Hewes, be requested to appear before the Finance Committee, and the Senator stated, as appears in the RECORD, that he was giving me certain correspondence which he had concerning Mr. Hewes. A subcommittee of the Committee on Finance was appointed to hear Mr. Hewes, that subcommittee consisting of the Senator from Georgia [Mr. GEORGE], the Senator from Connecticut [Mr. LONERGAN], and myself.

We conferred with Mr. Hewes briefly this afternoon. I directed his attention to some of the matters contained in the correspondence which the senior Senator from Michigan had placed in my hands, and Mr. Hewes very satisfactorily, so far as I was concerned, explained the points which have been raised in this correspondence. Therefore, so far as I am concerned, I have no objection to the nomination being confirmed.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COMMISSIONER OF EDUCATION

The Chief Clerk read the nomination of George F. Zook, of Ohio, to be Commissioner of Education, Department of the Interior.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE ARMY

The Chief Clerk proceeded to read sundry nominations for promotions in the Regular Army.

Mr. ROBINSON of Arkansas. I ask unanimous consent that nominations for promotions in the Regular Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

OFFICERS' RESERVE CORPS

The Chief Clerk read the nomination of James Sumner Jones to be brigadier general, Adjutant General's Department Reserve.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 6 o'clock and 17 minutes p.m.) the Senate took a recess until Monday, June 5, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 3 (legislative day of May 29), 1933

UNITED STATES CIRCUIT JUDGE

Louis FitzHenry, of Illinois, to be United States circuit judge, seventh circuit, to succeed George T. Page, retired.

ASSISTANT ATTORNEYS GENERAL

Harold M. Stephens, of Utah, to be Assistant Attorney General to fill an existing vacancy.

Frank J. Wideman, of Florida, to be Assistant Attorney General to fill an existing vacancy.

William Stanley, of Maryland, to be assistant to the Attorney General, vice John Lord O'Brian, resigned.

UNITED STATES ATTORNEYS

Jim C. Smith, of Alabama, to be United States attorney, northern district of Alabama, to succeed John B. Isbell, whose resignation is effective June 30, 1933.

Clyde O. Eastus, of Texas, to be United States attorney, northern district of Texas, to succeed C. W. Johnson, Jr., resigned.

Carl L. Sackett, of Wyoming, to be United States attorney, district of Wyoming, to succeed A. D. Walton, resigned.

MEMBERS OF THE FEDERAL RESERVE BOARD

J. J. Thomas, of Nebraska, to be a member of the Federal Reserve Board for a term of 10 years from January 25, 1933, vice Wayland W. Magee.

M. S. Szymczak, of Illinois, to be a member of the Federal Reserve Board for a term of 10 years from April 19, 1933, vice Roy A. Young, resigned.

INTERSTATE COMMERCE COMMISSIONER

Carroll Miller, of Pennsylvania, to be an interstate commerce commissioner for a term expiring December 31, 1939, vice Ernest I. Lewis.

MEMBERS OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Harcourt Alexander Morgan, of Tennessee, for the term expiring 6 years after May 18, 1933.

David E. Lilienthal, of Wisconsin, for the term expiring 3 years after May 18, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 3 (legislative day of May 29), 1933

ASSISTANT SECRETARY OF THE TREASURY

Thomas Hewes to be Assistant Secretary of the Treasury.

COMMISSIONER OF EDUCATION

George F. Zook to be Commissioner of Education.

PROMOTIONS IN THE REGULAR ARMY

Meredith Donald Masters to be first lieutenant, Field Artillery.

MEDICAL CORPS

To be lieutenant colonels

George Fairless Lull	Edward Thomas Breinig
Charles Clark Hillman	Weidner
Sidney Lovett Chappell	Raymond Whitcomb Bliss
Harry Louis Dale	Norman Thomas Kirk
George Russell Callender	William Benjamin Borden

To be captains

Roland Keith Charles, Jr.	Joseph Julius Hornisher
Edward James Gearin	to be first lieutenant, Medical Administrative Corps.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

James Sumner Jones to be brigadier general, Adjutant General's Department Reserve.

HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 3, 1933

The House met at 11 o'clock a.m.

The Chaplain, Rev. James SHERA Montgomery, D.D., offered the following prayer:

Eternal God, our Father, through all the past years we have been abundantly helped and succored by divine care. May we have the deepest gratitude for Thy abounding mercy and goodness, and may these lead us to repentance and not selfishness. As we lift our thoughts, our yearnings, and our petitions to Thee, open Thy heart, O Father, and let Thy blessing flow as from the rock with the cleansing streams. As we have been taught that Thou art the ruler of heaven and earth, O give us conscious power, wisdom, and goodness, and make us all wiser than our own understanding. We would submit ourselves to Thy guidance. We rejoice in the coming of that glory in which shall be revealed the unrealized and the unseen; then our souls shall break forth into resounding joy, thanksgiving, and praise. We thank Thee. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5389. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

The message also announced that the Senate had agreed to the amendments of the House to the bill (S. 510) entitled

"An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes."

FITZSIMONS ARMY HOSPITAL, DENVER, COLO.

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a letter addressed to the Director of the Budget.

The SPEAKER. Is there objection?

There was no objection.

Mr. LEWIS of Colorado. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter to the Director of the Budget and Memoranda showing why the hospital should not be abolished:

ROOM 404, HOUSE OFFICE BUILDING,
Washington, D.C., May 10, 1933.

Hon. LEWIS W. DOUGLAS,

Director of the Budget, Washington, D.C.

DEAR MR. DOUGLAS: Pursuant to our recent conversation, I herewith submit memorandum, with schedules attached, concerning Fitzsimons Army Hospital at Denver, Colo., including a statement of reasons why it should not be abandoned.

Very truly yours,

LAWRENCE LEWIS,

Representative, First (Denver) District of Colorado.

MEMORANDUM CONCERNING FITZSIMONS ARMY HOSPITAL AT DENVER, COLO.

As a part of the economy program, the Surgeon General of the United States Army proposes to close Fitzsimons Hospital, to return all Veterans' Administration cases to veterans' hospitals, and to distribute the Army and Navy patients to hospitals in localities less favorable for the treatment of tuberculosis than is that in which Fitzsimons is situated.

I. Economy demands retention of Fitzsimons Hospital (see schedule 1).

II. Conservation of Government's \$4,000,000 investment demands retention of Fitzsimons Hospital (see schedule 2).

III. Perfection of technique and success in treatment of tuberculosis demands retention of Fitzsimons Hospital (see schedule 3).

IV. Recognition by both Army and Navy of superiority in treatment of tuberculosis demands retention of Fitzsimons Hospital (see schedule 4).

V. Eminent medical specialists on tuberculosis urge retention of Fitzsimons Hospital (see schedule 5).

VI. Military preparedness demands retention of Fitzsimons Hospital (see schedule 6).

VII. Considerations of humanity demand retention of Fitzsimons Hospital (see schedule 7).

RECOMMENDATION

That Fitzsimons Hospital be continued as an Army hospital to which shall be admitted tuberculosis patients of the Army, Navy, Veterans' Administration, and Public Health Service, each department to contribute to cost of operation. This will afford to all Government patients the advantages of a personnel carefully selected throughout 16 years and a technique in the treatment of tuberculosis of extraordinary success in returning patients to civil usefulness, thus effecting economy in money and property, health, and human lives.

SCHEDULE 1. ECONOMY DEMANDS RETENTION OF FITZSIMONS HOSPITAL

The proposal to close Fitzsimons Hospital, to put all Veterans' Administration cases in veterans' hospitals, and to distribute the Army and Navy patients to hospitals in localities less favorable to the treatment of tuberculosis, will not result in a pecuniary saving to the United States Government.

The official figures demonstrate that the treatment of tuberculosis at Fitzsimons costs the Government less than at any other Government hospital, as shown by the following figures of per diem per patient:

At Fitzsimons Hospital (official figures furnished on request by Surgeon General Patterson of the Army).....	\$4.41
At veterans' hospitals (report of Veterans' Administration for 1932, p. 25).....	4.83
For the 6 months ending Dec. 31, 1932, the Army charged Veterans' Administration for its tuberculosis patients at Fitzsimons (official figures furnished on request by Surgeon General Patterson of the Army).....	4.11

The continuance of Fitzsimons Hospital at Denver, Colo., as an Army hospital, is justified by economy as demonstrated by official per diem costs at all Army hospitals as compared to Fitzsimons. (Figures given as of Dec. 31, 1932, furnished on request by Surgeon General Patterson of the Army.)

At Fitzsimons, Denver, \$4.41; Letterman, San Francisco, \$4.44, or 3 cents more; William Beaumont, El Paso, \$4.49, or 8 cents more; Walter Reed, Washington, D.C., \$5.26, or 85 cents more.

The showing of Fitzsimons is especially commendable in view of the fact that it has the largest percentage of tuberculosis cases which are the most expensive to treat, and this is true although the hospital has been operating at only 50 percent capacity. The Veterans' Administration costs for tuberculosis cases is \$4.83 per diem (report of Veterans' Administration, 1932, p. 25).

The annual cost of maintaining the 972 patients recently at Fitzsimons Hospital, on the basis of costs of other hospitals, would be an increase over the cost at Fitzsimons of:

At Letterman Hospital.....	\$10,643.40
At El Paso Hospital.....	28,382.40
At Walter Reed.....	301,563.00
At veterans' hospitals.....	149,007.60

Abandonment of Fitzsimons Hospital would be accompanied by heavy transportation expenses which cannot be accurately estimated. On an assumption of an average cost of \$50 per patient, this transportation charge would amount to \$48,600.

In addition to this, there would be the cost of closing this large institution and moving its very valuable equipment and supplies. Doubtless additional construction would be necessary at other hospitals because of the increased demand that would be made by veterans entitled to hospitalization who will make this request because of deduction in their compensation.

It is estimated that in Colorado alone there are 1,200 active tuberculosis cases that will be entitled to hospitalization, and there are 200 tuberculosis cases in addition not entitled to pension or hospitalization, but who are disabled to a 75-percent degree and will request domiciliary care at a soldiers' home. These cases could be cared for economically and well at Fitzsimons in lieu of incurring construction costs and greater operating costs elsewhere.

SCHEDULE 2.—CONSERVATION OF GOVERNMENT'S \$4,000,000 INVESTMENT DEMANDS RETENTION OF FITZSIMONS HOSPITAL

Fitzsimons Hospital, built during the World War, in a suburb of Denver, Colo., is the largest Army hospital in the United States. It has a capacity of 1,832 beds. The site, costing approximately \$150,000, was bought by citizens of Denver and leased to the United States Government for 999 years at \$1 a year.

The large investment of the Government in this institution (estimated at \$4,000,000), as well as the many thousand dollars spent in improvements since the opening of the hospital, including sums spent this last year, are jeopardized by the terms of its 999-year lease, which provides that title reverts to the lessor (Denver Chamber of Commerce, trustee) at the end of 1 year following the abandonment of the site for hospitalization purposes.

Clearly the sacrificing of a \$4,000,000 investment by the Government cannot be termed true economy, nor in keeping with the dictates of prudent financial policy.

SCHEDULE 3.—PERFECTION OF TECHNIQUE AND SUCCESS IN TREATMENT OF TUBERCULOSIS DEMANDS RETENTION OF FITZSIMONS HOSPITAL

A unique tuberculosis treatment of extraordinary merit is available at Fitzsimons Hospital. It was developed there by the late Colonel Bruns with special facilities and a trained professional unit skilled in the practice of his methods. The annual report for 1932 of the Surgeon General of the United States Army fully and clearly sets forth the splendid results obtained at Fitzsimons in the treatment of tuberculosis.

In the section devoted to Fitzsimons General Hospital, Col. Carroll D. Buck, M.C., commanding, referring to the technique and results in the treatment of tuberculosis, says at page 276:

"A noteworthy feature in the treatment of pulmonary tuberculosis is the marked reduction in the rate of hemorrhages and other complications. In one group of 1,222 admissions there were only 45 pulmonary hemorrhages. In an entire tuberculosis service, with 1,332 admissions, only 108 cases of pulmonary hemorrhage were reported. The marked reduction in the frequency of this complication was due in a large measure to the uniformity in which artificial pneumothorax and other forms of collapse therapy were applied. In four of the largest tuberculosis units, 46.7 percent of the patients are receiving artificial pneumothorax treatment. The technique of the initial pneumothorax treatment has been standardized and carefully worked out so that there is a marked reduction in accidents which formerly frequently followed this procedure. There has not been a death from pulmonary embolism, and only 11 cases of spontaneous pneumothorax following the introduction of artificial pneumothorax. There has also been a marked reduction in the number of cases developing fluid under treatment. The improvement is due largely to the more judicious and more frequent refills with more careful fluoroscopic check before and after them. Approximately 65 percent of the patients are receiving some form of collapse therapy. The use of this form of treatment has also caused a marked reduction in the number of cases complicated by laryngitis or enterocolitis.

"About 400 cases in the various tuberculosis units were given heliotherapy treatment, the total treatments being approximately 9,900. Patients who were classed as 'activity undetermined' were often given heliotherapy as a test of activity. The other types of cases treated were abdominal tuberculosis lesions, fistulas, bone and joint cases, glandular and genito-urinary tuberculosis. In pulmonary tuberculosis it is limited to the fibrous cases after they have stood the test of graduated exercise. Seven platforms have now been installed in all of the tuberculosis as well as the medical and surgical wards. The alpine lamp treatments were given in some cases which were unable to take heliotherapy for various reasons."

And again at page 277:

"The surgery of pulmonary tuberculosis continues to be a most important feature of the surgical work and constitutes about 25 percent of the operations performed. It is to be repeated that surgery is not definitive treatment in pulmonary tuberculosis. The cases which come to operation have had long-continued treatment on the medical wards and the standard nonoperative treatment

has failed to give satisfactory results. It is the expert in tuberculosis who must decide when surgery is to be resorted to and must advise as to the form which surgical intervention is to take. The success in carrying out most of these procedures depends on close cooperation between the medical and surgical services. The patient must be made to realize that an operation in this condition is not curative. It may be necessary to operate again, and no matter what is done surgically the disease still remains a medical condition, and medical treatment is as much indicated after as before surgical intervention. The surgeon has no miraculous power, and his work here, as in other departments of surgery, is beset with pitfalls, filled with disappointments, and only occasionally crowned with conspicuous success. This success, if any, must be evaluated by the medical service, for the patient returns to it long before any intelligent opinion of the outcome can be formed.

"The same type of surgical procedures were used during this year as in the past. They include phrenic exeresis, pneumolysis, intrapleural pneumolysis (the Jacobaeus operation), extra pleural thoracoplasty, and drainage and unroofing for empyema. In addition, two others have been tried, namely, excision of the scaleneus muscles in conjunction with phrenic exeresis and the unroofing and drainage of tuberculous cavities in the lungs."

SCHEDULE 4.—RECOGNITION BY BOTH ARMY AND NAVY OF SUPERIORITY IN TREATMENT OF TUBERCULOSIS DEMANDS RETENTION OF FITZSIMONS HOSPITAL

That Fitzsimons is the hospital of the United States Army best suited for the treatment of tuberculosis cases, and recognized as such by the Surgeon General's Department and by the heads of the other Army hospitals is shown by Annual Report of the Surgeon General, United States Army, 1932, from which the following extracts are taken:

At page 262, the commanding officer of Walter Reed General Hospital at Washington, D.C., says:

"Tuberculosis section * * * Military patients are sent to Fitzsimons General Hospital * * *"

At page 269 the officer in command of Letterman General Hospital at the Presidio, San Francisco, under heading "Tuberculosis section", says:

"This section, with a bed capacity of 38, is utilized for the diagnosis and temporary treatment only. The military patients are transferred to Fitzsimons General Hospital as soon as the diagnosis is made and their physical condition warrants it."

At page 313 the department surgeon in charge of Philippine Department says:

"Tuberculosis: The department surgeon reports that there was a slight increase in the rate for tuberculosis, both in the Philippines and China * * *. American soldier patients are returned to the United States."

(The undersigned has been informed from time to time that tuberculosis patients from the Philippines have been sent to Fitzsimons Hospital.)

At page 321, the report of the surgeon in command of Panama Canal Department says:

"Twenty-four cases of tuberculosis were transferred to Fitzsimons General Hospital, in comparison with 14 for the preceding year."

The superior advantages of Fitzsimons Hospital for the treatment of tuberculosis patients is also recognized by the Navy. In the Annual Report of the Surgeon General, United States Navy, 1932, page 23, under heading "Hospitalization", it is stated:

"This gives a total of 2,221,514 treatment days in naval hospitals for all classes of patients. This total does not include * * * 4,229 treatment days for tuberculosis patients at the naval unit, United States Army Fitzsimons General Hospital, Denver, Colo. * * *"

After referring to the total number of persons of the Navy under treatment, the report proceeds:

"This total does not include 10 tuberculosis patients at the naval unit, Fitzsimons General Hospital (U.S. Army), Denver, Colo. * * *"

In a personal interview on May 1, 1933, the Surgeon General of the Navy stated to the undersigned that he deplored the removal of Navy tuberculosis patients from Fitzsimons Hospital; that they were well cared for at Fitzsimons; that the Navy had no hospital suitable for the treatment of tuberculosis; that to send tuberculosis patients to Norfolk or Mare Island might be fatal to them.

SCHEDULE 5.—EMINENT MEDICAL SPECIALISTS ON TUBERCULOSIS URGE RETENTION OF FITZSIMONS HOSPITAL

A group of eminent medical specialists of national and, indeed, international reputation in the treatment of tuberculosis, while in attendance at the Congress of American Physicians and Surgeons in Washington, D.C., prepared and signed the attached statement urging that it be submitted in this connection as expert medical opinion on this subject.

The doctors point out the advantages both to the patients and to the Government of retaining Fitzsimons Hospital as a medical center for the treatment of tuberculosis.

They draw sharp attention to the very serious responsibility of jeopardizing the lives of patients should they be removed from Fitzsimons to other localities.

The letter from these eminent specialists is as follows:

WASHINGTON, D.C., May 9, 1933.

HON. LAWRENCE LEWIS,

House of Representatives, Washington, D.C.

DEAR MR. LEWIS: Fitzsimons General Hospital, located near Denver, is the largest and best of its kind in the United States for

the treatment of tuberculosis. The equipment of the hospital is of the best and it has an unusually able technical personnel. The work of this hospital has been watched by everyone interested in tuberculosis work, especially those interested in heliotherapy and lung surgery.

The location of Fitzsimons is ideal, there being no better all-the-year-round climate in the United States than is to be found on the eastern plateau of the Rockies. The Southwest is a one-season climate, and so recognized by the private sanatoria directors, who advise their patients to go to the hills or mountains during the summer months. Such procedure would not be practical for the tuberculosis patients of the Army and Navy, and it would entail very great expense. We cannot believe that the Surgeon General of the Army would care to assume the responsibility of jeopardizing the lives of the large number of hospitalized patients by moving them to other locations at this time.

It is recognized that in time of war the military medical men find it necessary to issue drastic orders for the removal of patients from various hospitals. The necessities of the situation often override any consideration of the jeopardy of the lives of the patients. We are not now faced with such a situation. Humanitarian considerations should really come first in this instance.

We approve the administration's plan to balance the Budget, and heartily endorse President Roosevelt's policy to bring this about. Yet we do not think he wishes, or intends, to create hardship for the very ill. This plan of closing the hospital cannot be for economic reasons, unless we have been misinformed, for the per diem cost per patient has been much less at Fitzsimons than at any other Government hospital.

The undersigned Colorado physicians, attending the Congress of the American Physicians and Surgeons, now in session in Washington, urge the representatives from Colorado in Congress to make every effort to retain Fitzsimons Hospital for the treatment of Army and Navy patients. Your interest and cooperation will be greatly appreciated by the medical profession of Colorado.

Very truly yours,

C. F. Hegner, M.D., Denver; Leonard Freeman, M.D., Denver; G. Walter Holden, M.D., Denver; Henry Sewall, M.D., Denver; Charles E. Sevier, M.D., Denver; John A. Sevier, M.D., Colorado Springs; James J. Waring, M.D., Denver; Gerald B. Webb, M.D., Colorado Springs; Leonard Freeman, Jr., M.D., Denver.

SCHEDULE 6.—MILITARY PREPAREDNESS DEMANDS THE RETENTION OF FITZSIMONS HOSPITAL

Apparently it is the policy of the Veterans' Administration practically to abandon the use of Army hospitals for veteran patients, and to use instead Veterans' Administration hospitals. Not only from the point of view of economy (which is discussed in schedule 1), but also from the point of view of military preparedness, such policy, if carried out, would be disastrous. Clearly a sound governmental policy would dictate the maximum use of long-established Army hospitals. The curtailment or abandonment of Government hospitals to such extent as may be necessary should be limited to those directly under the Veterans' Administration.

The extensive governmental hospitalization of ex-service men is actually a temporary problem and the passing of the need for all of the 84 Veterans' Administration hospitals is but a matter of time. It is certain that within a comparatively brief period, measured by the life of the Nation, numbers of these Veterans' Administration hospitals will either be abandoned or put to other uses. But the Army will continue on; and, in case of war, the existence as "going concerns" of well-organized hospitals with efficient staffs will save many lives such as in our other wars have been sacrificed unnecessarily. It is clear that the closing of any particular Army hospital would detract just so much from military preparedness.

Especially is this true in the case of a hospital designed primarily for the treatment of a particular disease to which men of military age are peculiarly susceptible; a hospital located in a region selected from among all those in the Nation as being unusually well adapted by reason of its altitude and all-year-round climate to the successful treatment of that disease; a hospital where there has been organized as a result of years of selection a personnel trained in the use of special equipment to treat that disease; a hospital where there has been developed a technique in the treatment of that disease which has proved extraordinarily successful in arresting and curing that disease and returning its victims to useful civil vocations. Such a hospital is Fitzsimons for the treatment of tuberculosis.

In a national emergency Denver could supply immediately a civilian staff of skilled doctors, familiar with Fitzsimons technique and methods.

SCHEDULE 7.—CONSIDERATIONS OF HUMANITY DEMAND RETENTION OF FITZSIMONS HOSPITAL

The unparalleled advantage afforded by Colorado for the treatment of tuberculosis is so well recognized that it is unnecessary to elaborate on it. The chances of recovery are so much greater there than in any of the other Army, Navy, or veterans' hospitals, outside of Colorado, that the institution should be maintained for the joint use of all branches of the service.

The primary function of a hospital is to cure. If the Government wishes to do everything possible to cure its tuberculosis patients, then this institution should be saved for that purpose. The removal of present patients to other localities less desirable in the treatment of this disease would be to many of them a virtual death warrant. To other patients less seriously afflicted the change

in climate and surroundings would cause marked retardation in their progress toward recovery. World-wide recognition has been given to the advancements made by Fitzsimons Hospital in the treatment of tuberculosis, and it would be a serious loss to have the staff and organization assembled there broken up and scattered as the result of closing the hospital.

There are many additional advantages of location enjoyed by Fitzsimons. Its proximity to seven Army posts, which vary from 1 hour to about 1½ days' travel to Fitzsimons; Denver, a city of 300,000 population, offers many advantages, such as rail connection for North and South, East and West; there is a low-cost basis of living in Denver which is an advantage to the families of veterans residing in the community, as well as to the institution itself, in the purchase of supplies; Denver offers a fine opportunity of employment to families of veterans, thus offering some relief to demands for charity which would otherwise be made; the proximity of Denver with its many cultural advantages, as well as the entertainment furnished, with the approval of the hospital authorities, by a large number of Denver organizations, helps build and maintain the morale of tuberculosis patients at Fitzsimons and is of valuable assistance during the period of recuperation.

LAWRENCE LEWIS,

Representative, First (Denver) District of Colorado.

OIL AND THE RECOVERY BILL

Mr. FORD. Mr. Speaker, I ask unanimous consent to place in the RECORD a statement on the oil industry.

The SPEAKER. Is there objection?

There was no objection.

Mr. FORD. Mr. Speaker, I wish to clarify the issue in regard to the proposed Government control of the oil industry of the United States. The President has suggested an amendment to the National Recovery Bill giving him authority to exercise such control. I have entire confidence in the President, and I am entirely in favor of his suggested amendment to the recovery bill. But I know that he cannot possibly himself exercise the power to control the oil industry. He will have to delegate it to some subordinate. Not knowing who may be appointed to exercise this power, I therefore am convinced that the basis of the proposed proration of oil should be fixed by the Congress.

Let me place the facts clearly before you.

The large oil companies are all for proration. They blithely propose two methods, which happen to be identical. They advocate proration on an acreage basis or on a cubical-content basis. Whichever one is selected, they win; for in either case such proration is not on the production of producing wells now in the field, but on that of oil-land holdings, developed or undeveloped.

What the independent oil producers want, and what this Congress should insist upon, is proration by potential production, based on development already made. In plain English, each well in each field will be allowed, under potential proration, to produce in proportion to its established ability to produce. Curtailment will be on a percentage basis. If the percentage should be fixed at, say, 66 percent, then a 1,000-barrel well will be permitted to produce 660 barrels a day, or the monthly equivalent. And this whether it belongs to a poor man or to a great corporation.

This is fair; it is easily adjusted; it puts the owner of a single well on precisely the same basis as the great corporation owning enormous oil fields. One producing well on a 5-acre tract thus is accorded precisely the same treatment as one producing well on a thousand acre tract. Because there is no injustice, no discrimination in favor of the huge corporations and against the small producers, the public is going to approve and applaud.

Proration by potential, as I have explained, protects the small producer and gives justice to all producers. That is emphatically not so with proration by the so-called "acreage basis" or by the identical cubical-content basis. Under either of the latter equally obnoxious methods, the Oil Trust seeking a monopoly of the Nation's oil business, will be given by the United States Government and by the permission of this Congress an unfair advantage over the small, independent oil producers, land owners, and royalty owners.

These great oil corporations, in control of large tracts of land, under the acreage plan of oil proration are able to make their unprofitable lands count on the same basis as their productive lands situated in a favored position on the oil structure. This simply means that lands which are relatively remote from proved oil structures and producing

wells, and which are included in the same land holdings, can be consolidated in a so-called "unit plan" of operation and thus be allowed a prorated share of the oil production, although not actually contributing to that production. I say without fear of successful contradiction that this cry of "waste" and "overproduction" is just plain Oil Trust propaganda. There actually is no overproduction of crude oil in the United States, as the following figures from the United States Bureau of Mines conclusively proves:

	Barrels
The total demand for petroleum in the United States in 1932 was.....	936,770,000
The total domestic production of petroleum in the United States in 1932 was only.....	818,761,000
Excess demand over production.....	118,009,000
Average daily consumption of petroleum in the United States in 1932.....	2,554,000
Average daily production of petroleum in the United States in 1932.....	2,237,000
Excess consumption over production.....	317,000
Average daily consumption of petroleum in the United States in January 1933 (latest available figures)....	2,424,000
Average daily production of petroleum in the United States in January 1933 (latest available figures)....	2,161,000
Daily consumption in excess of production.....	263,000

Overproduction does not exist. It is not the problem of the industry. Monopoly is its problem and the problem of the people.

These great oil corporations have been crying overproduction for years and battling to force the acreage plan of proration on the independents of the oil industry. They say, in effect, "Let us regulate the oil industry on the acreage basis of proration and the little fellows will be forced into the unit plan of operation. In a short time, with the oil production under our control, the independent refiners will not be able to get any oil, and then our monopoly will be complete."

I need hardly tell you, gentlemen, that with such a monopoly in control of the oil industry, and with independent competition eliminated, gasoline prices will reach the sky, and the American consumers will pay and pay dearly.

LEAVE TO ADDRESS THE HOUSE

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House when it convenes on Monday next on the subject of "The Progress of Farm Relief Legislation", speaking for 20 minutes without interruption. I hope that no one will object.

Mr. SNELL. Mr. Speaker, there has been a general understanding that the Speaker would not recognize anybody to make such a request in advance of the time when the address was to be made.

The SPEAKER. That is the understanding, and the Speaker will have to object himself and suggest that the request be made on Monday.

Mr. GRAY. Mr. Speaker, then I give notice that I shall make that request on Monday morning.

The SPEAKER. To obtain unanimous consent to address the House, it is necessary that the Member make the request upon the day he desires to speak.

INTERSTATE RAILROAD TRANSPORTATION

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended. Pending that, I ask unanimous consent that when the House has completed its consideration of the bill the enrolling clerk have authority to change numbers of paragraphs and sections of the bill wherever necessary.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 1580, with Mr. HILL of Alabama in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

TITLE I—EMERGENCY POWERS

SECTION 1. As used in this title—

(a) The term "Commission" means the Interstate Commerce Commission.

(b) The term "coordinator" means the Federal coordinator of transportation hereinafter provided for.

(c) The term "committee" means any one of the regional coordinating committees hereinafter provided for.

(d) The term "carrier" means any common carrier by railroad subject to the provisions of the Interstate Commerce Act, as amended, including any receiver or trustee thereof.

(e) The term "employee" includes every person in the service of a carrier (subject to its continuing authority to supervise and direct the manner of rendition of his service) who performs any work defined as that of an employee or subordinate official in accordance with the provisions of the Railway Labor Act.

(f) The term "State commission" means the commission, board, or official, by whatever name designated, exercising power to regulate the rates or service of common carrier by railroad under the laws of any State.

Mr. KELLY of Pennsylvania. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KELLY of Pennsylvania: Page 30, line 18, after the word "thereof", add a new paragraph, as follows:

"(e) The term 'subsidiary' means any company which is directly or indirectly controlled by or affiliated with any carrier or carriers. For the purpose of the foregoing definition, a company shall be deemed to be affiliated with a carrier if so affiliated within the meaning of paragraph (8) of section 5 of the Interstate Commerce Act, as amended by this act."

Mr. BLANTON. Mr. Chairman, before the gentleman discusses that, I rise to a point of order for the purpose of getting a decision from the Chair. I reserve the point of order to ask a parliamentary inquiry. The entire Senate bill comes from the House committee as one amendment. The committee has stricken out all of the Senate bill and put in its substitute as one amendment. Should that substitute be read in its entirety as one amendment, or is it to be read by sections?

The CHAIRMAN. The rule under which we are considering the Senate bill provides that the committee substitute shall be considered as an original bill under the 5-minute rule.

Mr. BLANTON. Then it will be read by sections?

The CHAIRMAN. It will be read by sections.

Mr. BLANTON. And we can offer amendments to each section after the reading of each section?

The CHAIRMAN. That is correct. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. RAYBURN. Mr. Speaker, I desire to make a point of order.

The CHAIRMAN. The Chair thinks the gentleman from Texas comes too late.

Mr. BANKHEAD. There has been no debate.

The CHAIRMAN. The gentleman from Texas obtained recognition after the gentleman from Pennsylvania had offered his amendment.

Mr. BLANTON. Mr. Chairman, I reserved the point of order, which preserved the right in favor of the chairman of the committee and of every other Member of the House. Whenever a point of order is reserved, it is for the benefit of all Members, and the remarks I made were made under the reservation of the point of order. When I withdraw my reservation of the point of order, the gentleman from Texas [Mr. RAYBURN] can renew it, when there has been no intervening debate.

The CHAIRMAN. The Chair had disposed of the point of order made by the gentleman from Texas [Mr. BLANTON], and the Chair then recognized the gentleman from Pennsylvania [Mr. KELLY].

Mr. BLANTON. But there had been no intervening debate. And when I withdrew my reservation, any other Member could renew it.

Mr. MAPES. Mr. Chairman, I rise to make a further point of order. I do not know what point of order the gentleman from Texas [Mr. RAYBURN] has in mind, but I submit there cannot be more than one point of order pending at the same time. The gentleman from Texas [Mr. BLANTON] raised a point of order, which the Chair decided, and immediately thereafter the gentleman from Texas [Mr. RAYBURN], the chairman of the committee, made the point of order against the proposed amendment of the gentleman from Pennsylvania before the gentleman from Pennsylvania proceeded to debate.

It seems to me the gentleman from Texas [Mr. RAYBURN] was trying to raise the point of order within the proper time.

Mr. RAYBURN. I certainly made the point of order as soon as I could.

The CHAIRMAN. The Chair feels that the gentleman from Pennsylvania had been recognized and had started to debate the amendment before the gentleman from Texas [Mr. RAYBURN] made his point of order.

Mr. RAYBURN. I beg leave to disagree with the Chair. The gentleman had not started to debate the amendment.

Mr. BLANTON. There must be debate ensue, and there had been no debate on the amendment. While the Chair had recognized the gentleman from Pennsylvania, there had been no debate.

The CHAIRMAN. The Chair is advised that, according to the Official Reporter's notes, the gentleman from Pennsylvania [Mr. KELLY] had not proceeded with any discussion and had not said anything. Therefore the Chair will entertain the point of order made by the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I make the point of order that this bill, title I, refers to railroads, and railroads only; and a subsidiary of a railroad may mean many, many things. It may be a hotel; it may be a shoe factory; it may be a health resort; it may be a bus line, or a truck line, or an amusement park, or what not. This bill is written around the proposition that it applies only to railroads and not to subsidiaries; and the committee, by motion, struck that section out of the bill as it was passed by the Senate.

Mr. KELLY of Pennsylvania. Of course, the Chair knows that this amendment, as I have offered it, is identical with the provision carried in the Senate bill, which was sent to the House Committee on Interstate and Foreign Commerce. It is a definition only, a definition which seems to me to be essential to this bill for the protection of railroad investment and railroad labor. I cannot see how a point of order against the definition of the word "subsidiary" could be upheld. I submit the matter to the Chair.

The CHAIRMAN (Mr. HILL of Alabama). The Chair is ready to rule. The pending section deals with definitions. The amendment offered by the gentleman from Pennsylvania [Mr. KELLY] is merely a definition. If there is no provision in the bill with reference to subsidiaries, of course the amendment offered by the gentleman from Pennsylvania would be meaningless. The section merely deals with definitions. This is the proper place for definitions. The Chair therefore overrules the point of order.

Mr. HUDDLESTON. Mr. Chairman, may we again have the amendment reported?

There being no objection, the Clerk again reported the amendment offered by Mr. KELLY of Pennsylvania.

Mr. KELLY of Pennsylvania. Mr. Chairman, the purpose of this amendment is to clarify certain provisions of the bill and make them effective. The word "subsidiary", which was used in the measure as sent to the House committee, was defined under the Senate bill. It should be defined in this bill. I agree with the Chairman of the Committee on Interstate and Foreign Commerce, that this amendment will refer to bus and motor companies, to express companies, and to other transportation companies of that kind which should be covered in this bill if the purposes of the measure are to be carried out.

For instance, Congress about 2 years ago passed a bill reported by the Committee on Post Offices and Post Roads in this House, providing that where train service was discontinued the railroad company should be given the contract for carrying the mail by motor bus without any competition, without any taking of bids, and at the rate which was paid for the mail transportation on the trains. That was a distinct advantage. Now if we omit these bus companies in this bill, it will be possible for the railroad companies to deal with employees of those bus and motor companies in a way which will be a hardship to them and in part nullify the protective provisions of this bill. We are endeavoring to protect workers in the railroad service. It seems to me to be but just that we protect those who will be assigned to the motor and bus companies when they are transferred from the regular railroad service.

There are also express companies to be considered. These companies are subsidiaries of the railroad companies. They have a force of men in the terminals and elsewhere handling express matter and another force of men handling baggage and other material from the trains. It will be possible to transfer men from the railroad service into the express service and then use any method that may be desired to economize at the expense of the workers employed in the express company. That is unfair. If we are to do anything effective toward giving protection to the workers in the transportation industry, we certainly should make sure there is no loophole left where hardships can be inflicted upon those in the express, motor bus, and other subsidiary companies.

Mr. MEAD. Will the gentleman yield?

Mr. KELLY of Pennsylvania. Yes; I yield.

Mr. MEAD. Some Members are unduly alarmed because they feel this might apply to hotels, coal mines, and so forth. While I do not believe it is necessary so far as the change I suggest is concerned, would the gentleman agree to a change in his amendment, adding the word "transportation" before the word "subsidiary", so that it would read "transportation subsidiary"?

Mr. KELLY of Pennsylvania. Of course, that is the purpose of my amendment. If it needs clarification, I would accept the gentleman's suggestion. It is the purpose to deal solely with transportation agencies. The Pullman Co. is another in addition to those I have named. That is a separate organization, with many employees engaged in transportation, and yet it does not come directly under the provisions of this bill, unless "subsidiaries" are covered. From every standpoint it seems to me we should make sure that these definitions are comprehensive enough to cover the word "subsidiary" and make it apply to those companies, in order to make this bill serve the purpose of regulating and developing transportation on a fair and square basis.

Mr. SNELL. Will the gentleman yield for a question?

Mr. KELLY of Pennsylvania. I yield.

Mr. SNELL. It has come to my mind that at the present time we have no legislation in any way governing transportation as to motor busses and trucks in any way connected with interstate commerce.

Mr. KELLY of Pennsylvania. That is true, but we can reach them through this bill by including these subsidiary companies.

Mr. SNELL. How are you going to reach them when there is no law on the statute books controlling them? I was in favor of a bill we had several years ago to control them, and I think they should be controlled; but it seems to me the gentleman is attempting to go at it in the wrong way to try to reach them through this bill, when there is no legislation on the statute books in any way controlling their operation.

Mr. KELLY of Pennsylvania. I may say to the gentleman from New York that under this bill we can establish the control he favors. When we are putting restrictions on the dismissal of transportation workers on the railroads, we can make them effective by defining as subsidiaries these bus and motor lines, express companies, and others.

Mr. SNELL. Does not the gentleman think he is putting restrictions on a corporation that has none of the advantages of Federal legislation and regulation?

Mr. KELLY of Pennsylvania. I have just given one instance where we have given railroad companies valuable motor-bus contracts, without any competition whatever, because they were carrying mail under a railway mail contract. That is a very great advantage, which they very greatly desired.

Mr. SNELL. To a bus company?

Mr. KELLY of Pennsylvania. To a bus company, a railroad subsidiary, without competition. I am asking that they be included under the provisions of this bill.

Mr. HUDDLESTON. Mr. Chairman, the amendment of the gentleman from Pennsylvania in its present form is dangerous. Not even a member of the committee, who have given this subject careful study, can be certain of the field for its operation, not to speak of the gentleman from Pennsylvania, who has not had the opportunity to give it the study that we have.

The committee considered this subject very carefully, and unanimously, as I recall, agreed that it would be dangerous to adopt such a provision. If it were confined to "subsidiaries" under the jurisdiction of the Interstate Commerce Commission, the situation would be different; but under the terms of the amendment as offered it includes "any company", whether transportation company or otherwise, whether it be mercantile, hotel, amusement, or whatever it might be which is "directly or indirectly affiliated" with a railroad company. So that if certain of the stockholders of a railroad company should see fit to incorporate an amusement park or a hotel with the view to operating it near a railroad terminal for the mutual advantage of both, although the enterprise was not owned by the railroad company, and although it was not controlled by it, under the amendment offered by the gentleman from Pennsylvania the coordinator would have jurisdiction to step into that purely intrastate proposition and to shut it down.

The gentleman expressed interest in employees—there is no provision in this bill for taking into consideration the interest of the employees of these subsidiaries. There is no provision by which they could be represented or their interests cared for. Note the remoteness of the connection with a railroad carrier. The employees of a purely intrastate company and operation might have their interests jeopardized, perhaps sacrificed, by some action the coordinator might take.

Mr. Chairman, the subject of railroads and interstate commerce is highly complex. May I say that after 12 years' service on this committee I recognize more than ever my limitations and the number of things I do not know about it. How presumptuous, then, it would be for me, without having given any special study to it or having heard any witnesses or knowing anything in particular about the subject, to undertake to thrust into this bill an amendment of such far-reaching importance. I cannot think of anything which would be calculated to cause more far-reaching consequences or perhaps do an incalculable injury than an amendment of a technical nature such as this.

If the gentleman wants to amend this bill, he should amend it in some respect in which there is not such complexity and in which we might be able to understand what the consequences of the amendment may be, and not undertake to thrust a charge into it and blow it up as an experiment to see what consequences might flow from it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. RAYBURN) there were—ayes 30, noes 79.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. In order to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency, and in order to safeguard and maintain an adequate national system of transportation, there is hereby cre-

ated the office of Federal coordinating of transportation, who shall be appointed by the President, with the advice and consent of the Senate, or be designated by the President from the membership of the Commission. If so designated, the coordinator shall be relieved from other duties as Commissioner during his term of service to such extent as the President may direct; except that the coordinator shall not sit as a member of the Commission in any proceedings for the review or suspension of any order issued by him as coordinator. The coordinator shall have such powers and duties as are hereinafter set forth and prescribed; and may, with the approval of the President, and without regard to the Civil Service laws and the Classification Act of 1923, as amended, appoint and fix the compensation of such assistants and agents, in addition to the assistance provided by the Commission, as may be necessary to the performance of his duties under this act. The office of the coordinator shall be in Washington, D.C., and the Commission shall provide such office space, facilities, and assistance as he may request and it is able to furnish. The coordinator shall receive such compensation as the President shall fix, except that if designated from the Commission, he shall receive no compensation in addition to that which he receives as a member of the Commission.

Mr. MAPES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAPES: Page 31, line 22, after the words "the President", strike out the remainder of the line, all of line 23 and line 24, to and including the word "agents", and insert in lieu thereof the following:

"Appoint such experts and assistants to act in a confidential capacity, and, subject to the provisions of the Civil Service laws, such other officers and employees, and in accordance with the Classification Act of 1923 fix the salary of such experts, assistants, officers, and employees."

Mr. MAPES. Mr. Chairman, I do not care to take any more of the time of the Committee than is necessary to explain what this amendment does. I offered the same motion in the committee in substance.

The amendment strikes out the language in the bill which authorizes the coordinator to appoint his employees and assistants without regard to the Civil Service law and to fix their salaries without regard to the Classification Act of 1923, and substitutes therefor language similar to that contained in the Railroad Labor Act which will put the office of the coordinator under the classified Civil Service. The amendment would permit the coordinator to appoint necessary experts without regard to the Civil Service laws and regulations, but the rest of his office force would be appointed in accordance with Civil Service laws and regulations and their salaries would be fixed according to the Classification Act of 1923.

I know that during this session a good deal of legislation has been passed authorizing the appointment of employees without regard to the Civil Service laws and authorizing the appointing officers to fix their compensation without regard to the Classification Act, in fact, without any limitation at all upon the discretion of the appointing officer in that respect.

I think Congress and the country eventually will come to realize that such provisions are vicious.

I do not want any legislation with such a provision in it to pass without very definitely expressing my opposition to it.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question?

Mr. MAPES. I yield.

Mr. SNELL. After the extreme interest shown by the majority yesterday in the honest and efficient carrying-out of the Classification Act and the Civil Service laws, does the gentleman think they will have any objection to adopting his amendment at this time?

Mr. MAPES. I should like to have them agree to it. At any rate I shall give them the opportunity to vote upon it.

Mr. SNELL. I am sure after the exhibition we had here yesterday they will grant the gentleman's request.

Mr. RAYBURN. Mr. Chairman, this provision of the bill was very thoroughly considered, not only at the hearings but in the committee. The committee turned down the amendment of the gentleman from Michigan [Mr. MAPES] by an overwhelming majority.

I may say that no one knows at this time who is going to be the coordinator, unless it is the President of the United States. It has been stated in various press reports that Commissioner Eastman will be furloughed from the Interstate Commerce Commission and made the coordinator. I

doubt if his appointment would be displeasing to anybody, because he is a man of outstanding ability and has the confidence of the shippers and the public in general, as well as of labor and the railroads, as few other men in his position over the years have had.

One of the things that Mr. Eastman was very definite about was that among those whom the coordinator would call around him would be men who should be of the highest technical skill that he could get, and he thought it would greatly cripple the efforts and the accomplishments of the coordinator if he had to go to the Civil Service rolls to get these employees.

Mr. SNELL. Will the gentleman yield for a question there?

Mr. RAYBURN. Yes.

Mr. SNELL. In the building-up of this organization will it not also be necessary to have quite a number of what we may call average clerks and assistants in connection with the work?

Mr. RAYBURN. That is true.

Mr. SNELL. Would it not be all right to put them under Civil Service?

Mr. RAYBURN. This act will run for 1 year, under the law, and by proclamation of the President may be extended for another year. It will be in operation only 2 years. It is thought that in building up this organization to do this expert work, the coordinator should be given the privilege of selecting the help that he thinks is necessary, and it probably would not run more than 100 people.

Mr. SNELL. I understand that; but considering the facts that exist here at the present time, when a great many of these Civil Service employees are going to be out of jobs on account of the new orders combining and coordinating various activities of the Government, you have these people here now, and they are accustomed to this kind of work, and would it not be better to take care of them rather than bring in a lot of new people here who would not be acquainted with the work?

Mr. RAYBURN. I should think if the coordinator were a capable man, and I presume he will be, he will be the type of man who will call around him capable people; and if there are more capable people among those who are discharged from positions under the Civil Service in Washington, he will take them.

Mr. SNELL. But a large number of these jobs would simply need efficient clerks; and if they have been doing that kind of work for some time, we may presume they are efficient. We have these people here and to a certain extent we owe them some obligation, and it seems to me it would be only fair to this number of employees if you were to allow at least the common employees to come under the Civil Service laws, and especially since on yesterday you showed such interest in the honest application of the law.

Mr. RAYBURN. I happened not to be here at that time yesterday, but I want to say to the gentleman that when he talks about honest application of the law—

Mr. SNELL. I accept the gentleman's apology.

Mr. RAYBURN. There has not been any such thing.

Mr. SNELL. I am not arguing that, but you say that you want honest administration of the law.

Mr. RAYBURN. There has not been any such thing, for the simple reason that the gentleman knows, as well as I do, that with respect to States even as far away as his own State, and especially the States in the far South, the States of Virginia and Maryland and the District of Columbia have as many on the Civil Service rolls as any other half a dozen States of the Union.

Mr. SNELL. That can be taken care of with the law as it exists at the present time. We are all agreed on that, but the other question remains with respect to the honest and efficient administration of the law, and I think we ought to observe the law here in the House if we are going to ask the Commission to observe it.

Mr. RAYBURN. I think, Mr. Chairman, it would be very much better for the orderly work of the coordinator if he were allowed to choose his own corps of workers.

Mr. MAY. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. MAY. Does not the chairman of the committee feel that necessarily in the organization of any new administration under this bill that the man who has charge of its administration can take care of all these things better than anybody else?

Mr. RAYBURN. Oh, I think so; yes.

Mr. MEAD. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. MEAD. In view of the attitude of the Republican Party when President Hoover's program was up for consideration and they took all those jobs out of the Civil Service, does not the gentleman think they ought to be consistent now?

Mr. RAYBURN. As I have just said, I agree with the gentleman from New York.

Mr. BLANTON. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. BLANTON for the amendment offered by Mr. MAPES: Page 31, line 24, after the word "appoint", in line 23, strike out the words "and fix the compensation of."

Mr. BLANTON. Mr. Chairman, under this language, unless we strike out, all these assistants and employees will have their salaries fixed by the coordinator.

None of us know who is to be appointed as coordinator. We do know that it is reported that the president of the Southern Railway has been receiving \$125,000 per year, and that in order to bring itself in line to receive loans from the Reconstruction Finance Corporation, it has reduced the salary of its president to \$60,000. This coordinator may be the kind of big-hearted personage who thinks it is all right to pay these 50-, 60-, 75-, 100-, and 200-thousand dollar salaries. And after we give him carte blanc authority, it will then be too late to complain when he begins to pay the salaries.

After all, it comes out of the pockets of the people. The railroads have learned that the Interstate Commerce Commission is going to give them a fair return on their money invested, and to make up for the expenses of running railroads including these outrageous salaries paid officials, the Interstate Commerce Commission raises the freight and passenger tariffs accordingly. So the people pay for it. And the railroads have quit fighting against bills, but let any kind of a bill be passed, and then they get relief from the Interstate Commerce Commission.

We do not know whether this coordinator will pay to his assistants and employees five thousand, ten thousand, fifteen thousand, or twenty-five thousand. I am getting tired of voting for bills with that language in it, allowing certain departments to fix the compensation themselves, and having the assurance given as an excuse for it, that the salaries will not be exorbitant, and then as soon as the set-up is made, when you get the list of salaries you find out that they are exorbitant. Then we cannot stop it. The time to stop this big salary business is in the making of the law. The time to prevent the coordinator from paying exorbitant salaries is right now in this bill, by putting in it a proper limitation.

Mr. RAYBURN. The gentleman understands that this money does not come out of the Treasury of the United States.

Mr. BLANTON. I know that eventually it comes out of the pockets of the people, for the Interstate Commerce Commission always raises the freight and passenger tariffs to take care of all expenses. If we do not stop exorbitant salaries being paid when people are starving to death, we ought to say that Congress does not believe in orderly government, run in behalf of the people.

Mr. McFARLANE. Will the gentleman yield?

Mr. BLANTON. No, I regret that I cannot yield; I have only 5 minutes. We had a bill here the other day in which the House provided for an additional \$50,000,000 being loaned to the insurance companies, and at first that bill

provided that the Reconstruction Finance Corporation would not loan any money until these companies reduced the salaries of their officials down to not over \$17,500 per annum. The committee eliminated that wise provision from the bill. When we tried to put it back, in the debate we showed that the insurance companies had raised the salaries of their presidents and other officials until—for instance, the New York Life was paying its president \$125,000 a year. The Metropolitan Life was paying its president \$200,000 a year, and yet there are some people starving to death in various parts of the United States.

Mr. PARKER of New York. Let me say to the gentleman that they have not borrowed any money and have not asked for any.

Mr. BLANTON. They could do it under the act we passed, and yet that wise limitation was stricken from the bill, and the matter of forcing them to reduce salaries was left to the Reconstruction Finance Corporation. All it has done is to require them to reduce these huge salaries 60 percent so that, instead of paying its President \$200,000, the Metropolitan Life Insurance Co. could pay its President only \$80,000 per annum—\$5,000 more than the President of the United States gets.

Are you in favor of that? The time to stop these outrageous salaries is right now.

I tried to stop them when the Reconstruction Finance Corporation Act was passed. Excuses then were given. We were assured that it would not pay big salaries, and yet as soon as it was set up and we got the break-down of its salaries, we found that they were paying one man \$16,500 a year and numerous others almost that amount. It is outrageous the way the salaries are paid under such blanket provisions as are put in this bill.

Mr. HASTINGS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. HASTINGS. Under the gentleman's amendment, if adopted, what salaries would be received?

Mr. BLANTON. They could not pay more than \$10,000, which is provided under the Classification Act. I am not in favor of that act and it ought to be repealed, as its maximums are entirely too high; but, thank God, it does limit them to \$10,000. If you strike out this language provided in my amendment, they cannot pay a salary of over \$10,000. Is not that far more than enough for the assistants and employees of this coordinator?

I do not think we ought to pay that, but we should put at least that limit on it, and from now on every bill that is brought into this House is going to have a sane limitation on salaries if I can get my wish about it.

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Texas. First, let me read from the hearings on page 46:

Commissioner EASTMAN. I do not think that any man ought to accept this job unless he is given absolutely a free hand in the matter of appointments.

As to the amendment of my colleague from Texas, if his amendment is adopted, he leaves in the language "without regard to the Civil Service laws and the Classification Act" that he is talking about. He says that under that they cannot be paid more than \$10,000, but he leaves the bill so that that is not regarded. Under the bill as it passed the Senate not more than \$250,000 a year can be expended by the coordinator, for the simple reason that under the Senate bill the railroads are assessed \$1 per mile, while under the House bill it is thought there may be a necessity for a little more money than that, and we put in a limit of not more than \$2 a mile on each individual railroad, which would amount to about \$500,000.

Mr. BLANTON. But my colleague knows that if we strike the language out and put in no restrictions as to compensation, before they can pay a single salary they will have to bring the set-up and get it approved by the Committee on Appropriations.

Mr. RAYBURN. I think the gentleman is mistaken about that.

Mr. BLANTON. How would they get them paid?

Mr. RAYBURN. They would naturally pay them out of the assessment made against the railroads, this amount of money that is provided in the bill.

Mr. HASTINGS. May I ask the chairman of the committee a specific question? If the amendment of the gentleman from Texas [Mr. BLANTON] is not adopted and the language remains in the bill as it is written, what is the maximum amount—or is there a maximum or minimum amount—that any of these officers may receive?

Mr. RAYBURN. The maximum amount is \$500,000 which the coordinator can spend.

Mr. HASTINGS. That is the aggregate amount that may be paid all the employees; but I want to know if there is anything in the bill that would limit the amount paid to an individual?

Mr. RAYBURN. Not a thing.

Mr. HASTINGS. Then they could get \$25,000 or \$100,000?

Mr. RAYBURN. Yes; to come out of the revenues of the railroads and not out of the Treasury of the United States.

Mr. HASTINGS. They could go to any amount except that they could not exceed in the aggregate \$500,000.

Mr. RAYBURN. I do not know whether there is anything to the rumor, but it is generally understood that Mr. Eastman will be the coordinator. He receives \$12,000 a year, less 15 percent. I doubt whether he would employ anybody at a higher rate than he gets himself.

Mr. HASTINGS. Why not put a limitation in to that extent?

Mr. RAYBURN. I think it would be a mistake and would do no good.

Mr. FORD. Mr. Eastman gets \$8,500 a year. He was cut from \$12,000 to \$10,000, and then he received a cut of 15 percent.

Mr. RAYBURN. That is correct.

Mr. MAPES. Mr. Chairman, I move to strike out the last word, and in my time I ask unanimous consent that the Clerk again report the amendment of the gentleman from Texas [Mr. BLANTON].

There was no objection, and the Clerk again reported the Blanton amendment.

Mr. BLANTON. Will the gentleman from Michigan yield to permit me to ask leave to substitute an amendment for the one that I have offered?

Mr. MAPES. I refuse to yield at the present time. I have no complaint to make with the speech which the gentleman from Texas [Mr. BLANTON] made, but I submit to the Committee that his amendment means nothing.

The amendment which I submitted is definite. It does what the gentleman has in mind, and in addition brings the employees under the Civil Service. The coordinator would still be allowed to select experts without reference to the Civil Service law, but all other employees would be selected according to the rules of the Civil Service law, and the compensation in all cases would be fixed according to the Classification Act of 1923. Congress spent a good deal of time considering the matter before the passage of the Classification Act. It applies to all Government employees. By the adoption of my amendment the coordinator would be relieved of having to pass upon the question of what was to be paid to each man employed by him.

The gentleman from Texas [Mr. RAYBURN] has called attention to the fund that is to be used by the coordinator. The House committee changed the recommendation of the Senate and provided that the railroads should pay into the fund to meet the expenses of the coordinator \$2 per mile for every mile of railroad in the United States. That will provide the coordinator with \$500,000 to use in 1 year. If no limitation is placed upon him in the exercise of his discretion, the sky will be the limit. I agree entirely with the argument of the gentleman from Texas [Mr. BLANTON] as far as it goes, but I am opposed to his amendment. It ought to be voted down and the amendment which I have submitted ought to be adopted by the House.

Mr. BLANTON. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw the amendment which I offered for the present.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

There was no objection.

Mr. BLANTON. Mr. Chairman, I offer an amendment, which is at the Clerk's desk, as a substitute for the amendment offered by the gentleman from Michigan [Mr. MAPES].

The Clerk read as follows:

Amendment offered by Mr. BLANTON as a substitute for the amendment offered by Mr. MAPES: Page 31, line 23, strike out the words "and the Classification Act of 1923 as amended"; and in line 24 strike out the words "and fix the compensation of."

Mr. BLANTON. Mr. Chairman, this modified amendment meets the objection raised by the Chairman of the Committee on Interstate and Foreign Commerce, my friend from Texas [Mr. RAYBURN]. If we will pass this amendment, as I have changed it, they cannot pay any salary in excess of \$10,000 to anybody, and the salaries they do pay must comport with the provisions of the Classification Act of 1923 as amended. It does not leave to the coordinator, one man in the United States, the privilege of fixing the compensation of every assistant and every employee he has, at any exorbitant amount he may allow.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BLANTON. Certainly.

Mr. SNELL. If you are going to be fair on one line, why not take the whole proposition and use them the same as you do in every other department of the Government?

Mr. BLANTON. The gentleman means also put back the language about making them come through the Civil Service?

Mr. SNELL. Yes. I should like the gentleman to tell us why not?

Mr. BLANTON. I am going to get 15 minutes here some time today and tell the great minority leader, and he is one of the greatest "minority" I ever saw—

Mr. SNELL. It will not be necessary to put that in the RECORD. You have put it in several times, and everybody knows it. [Laughter.]

Mr. BLANTON. I am going to tell him what a farce the Civil Service has been for the last 12 years under his administration.

Mr. SNELL. That is all right. We will grant that. Why do you not repeal the law, then?

Mr. BLANTON. I cannot yield further to the former great Chairman of the Rules Committee, who knows the rules and who ought to obey them by not interrupting until I yield.

Mr. SNELL. I thank the gentleman. He does know something about the rules, too.

Mr. BLANTON. Knowing the rules, he ought not interrupt me. [Laughter.] I want to tell you something about the administration of the Civil Service under the Snell regime—the great minority leader. Here is the city of Washington, with less than 500,000 population. It is entitled by law to 132 Civil Service employees. Yet it has 10,778 of its people on the pay roll as Civil Service employees. This city of Washington has 25 times as many of its citizens on the pay roll as has the great State of Texas, 900 miles across it east and west, and 900 miles across it north and south. As was stated by my colleague from Texas, the chairman of this committee, the city of Washington, the State of Maryland, and the State of Virginia have more employees on the Government pay rolls than any other 15 States in this Nation.

Mr. HASTINGS. Or in 45 States.

Mr. BLANTON. It is outrageous. Here we put a stop on that abuse the other day in an amendment on a bill and it has gone to the Senate, and they have torn our amendment all to pieces and fixed it so that they can continue to do this, to carry out this so-called farcical "Civil Service law" under the Snell regime. [Laughter.] We are getting tired of it.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BLANTON. Certainly.

Mr. SNELL. As a matter of fact, the gentleman knows very well that I have never had anything to do with the Civil Service law.

Mr. BLANTON. Well, he is the only spokesman here for it now.

Mr. SNELL. Is that not true?

Mr. BLANTON. Well, he is the only spokesman for it now on the floor. You cannot get anybody else to approve it.

Mr. SNELL. I am not speaking for it. [Laughter.] I am for all the laws on the statute books, and you have not the courage to repeal the Civil Service law.

Mr. BLANTON. I have got the courage now to vote to repeal it and to stop this infernal injustice to all the other States of the Union.

Mr. SNELL. You are going to do a real injustice to everybody in the Civil Service, and you do not have the courage, with all your votes, to repeal a law, which in effect you are doing by piecemeal.

Mr. BLANTON. I will put my courage up against the courage of the gentleman from New York any time.

Mr. SNELL. Start in on it now.

Mr. BLANTON. Mr. Chairman, I ask the former Chairman of the Committee on Rules to observe the rules and not interrupt me.

The CHAIRMAN. The gentleman from Texas declines to yield further.

Mr. COOPER of Ohio. Will the gentleman yield for a question?

Mr. BLANTON. No; I am sorry; I cannot. I want to attend to the gentleman from Potsdam first. [Laughter.]

The CHAIRMAN. The gentleman from Texas declines to yield.

Mr. BLANTON. Yes. Under the Snell regime—

Mr. SNELL. Mr. Chairman, I make the point of order that the gentleman from Texas is not proceeding in order.

Mr. BLANTON. Oh, I am in order.

The CHAIRMAN. The gentleman from Texas will proceed in order and discuss his amendment.

Mr. BLANTON. And I know the rules better than the former Chairman of the Rules Committee, and I observe them better. [Laughter.] You know under his regime—

The CHAIRMAN. The time of the gentleman from Texas has expired. [Laughter.]

Mr. BLANTON. I will deal with that later, Mr. Chairman, as there are many interesting rules and regulations under the Civil Service during the last 12 years that deserve discussing. Under the unanimous consent granted me, I would like to say here and now that shortly after President Harding was inaugurated every Democratic postmaster in the country, practically, was forced to resign, and they were replaced with Republicans. When a Civil Service examination was held, and none of the three eligibles were satisfactory to the Republican organization, that examination was discarded and a new one held, until there was a Republican eligible on the list that would satisfy the Republicans.

Our beloved colleague, Hon. Ed Pou, the dean of Congressmen here, represents a Democratic district in North Carolina. It is a cotton district. He has been a Member of this House for 31 years. He is the honored Chairman of the great Committee on Rules. Yet every cotton statistician in his Democratic cotton district is a Republican and has been for 10 years. That illustrates what the United States Civil Service is under Republican rule. I want to see Democrats, loyal and worthy, in charge of every appointive position in this Government. And, in my judgment, the time has come for this change, most important to the people, to take place.

Mr. PARKER of New York. Mr. Chairman, in this bill we are giving more power to one man over property in the United States than was ever given to any one man before in the history of the country. We are giving this coordinator control over \$20,000,000,000 worth of property that is owned by the people. The railroads are to pay the expenses of this coordinator, and if this coordinator is big enough to hold down the job we are going to give him, he

is big enough to appoint his employees and fix their salaries. If he is not big enough, then the President of the United States falls very short of what I think his ability is.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the other day I tried to get 5 minutes' time to discuss a matter that is again brought on the floor this afternoon.

Day before yesterday, and today, gentlemen have stated from the floor of the House that under the law there were only 138 residents of the District of Columbia entitled to be employed in the Civil Service, and that because of the fact there are more than that number of residents of the District of Columbia employed in the Civil Service they have found fault with the system.

Personally, I believe it would be unfair unless we did employ many times more than 138 residents of the District of Columbia in the Civil Service.

Let me call attention to the fact that if a man came from your State or mine 30 or 40 years ago and worked for the Government here in the District of Columbia he retained his residence in your State or my State. He came here as a young man, we will assume, was married and raised a family. Those boys and girls are now grown up and have become young men and women. They are not citizens of Wisconsin, Texas, or Oklahoma. They are citizens and residents of the District of Columbia. There is no other place for them to find employment here in the District of Columbia except in the Federal service. This is not an industrial city. This is the seat of the National Government and it is well known that practically all people living here, or at least a large percentage of them, must find employment in the Federal service.

If we are to say that only 138 people who are residents of the District of Columbia are to receive employment in the Civil Service, then we must assume that these young people must leave their family ties, these young men and women who were born and raised here in the District of Columbia must run out to Oklahoma, Texas, or Wisconsin to find employment.

I do not claim to be the champion of the cause of the people of the District of Columbia. This is the first time I have found it necessary, in my judgment, to defend the people of the District of Columbia on the floor of the House, but I think it would be grossly unfair to have any system whereby the number of the residents of the District of Columbia on the Federal pay roll is restricted to 138.

I think it is only fair and just that there should be a larger number of them employed by the Government. If we do not give them jobs here, it means they must go out of the District of Columbia, leave their families, leave all behind them, go out to Michigan, Wisconsin, Oklahoma, Texas, and other States and compete with citizens there for jobs. People born and raised in the District are acclimated to conditions here. Their entire lives have been spent here, and I, for one, protest against any bill which would limit the number of Federal employees from the District of Columbia to 138.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. SNELL. Is it not a fact that the proportion for the District of Columbia in the Civil Service has been going on for the last 40, 50, or 75 years?

Mr. BOILEAU. I believe the gentleman is absolutely correct. I do not believe people from other States should come here and take jobs from people who are doing their work well; residents of the District of Columbia should not lose their jobs just because they happen to live in the Nation's Capital. [Applause.]

Mr. RAYBURN. Mr. Chairman, we want to get along with this bill. I want to give everybody an opportunity to discuss the bill, but hereafter I shall make a point of order against anyone who speaks out of order.

Mr. HASTINGS. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I want to speak on two points. First, with reference to the amendment of the gentleman from Texas,

I want to call the attention of the members of the committee to the fact that if the amendment of the gentleman from Texas [Mr. BLANTON] is adopted it will not affect the salary of the coordinator, because by reference to the bill at page 32, lines 6 to 10, inclusive, the following language is found:

The coordinator shall receive such compensation as the President shall fix, except that if designated from the Commission he shall receive no compensation in addition to that which he receives as a member of the Commission.

This part of the section, of course, is not affected by the amendment of the gentleman from Texas, and if the amendment of the gentleman from Texas is adopted, it will not affect, therefore, the right of the President to fix the salary of the coordinator. I think the other salaries should be limited. Therefore I am in favor of the amendment of the gentleman from Texas.

Mr. PARKER of New York. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. PARKER of New York. If the gentleman will read the further provisions of the bill he will find that the President can fix all salaries.

Mr. HASTINGS. I am not in favor of that. I think there ought to be some limitation upon the salaries of the subordinates appointed by the coordinator.

From the chairman of the committee and others I have tried to ascertain whether any limitation has been placed upon the salaries of any of these other employees, but they have not been able to show me where it is contained in this bill.

If the amendment of the gentleman from Texas [Mr. BLANTON] means a limitation on these salaries except that of the coordinator, I am in favor of it, because I do not believe exorbitant salaries ought to be paid. If we are going to provide salaries, I think we ought to put some limitation on them.

Now, if larger salaries are necessary for experts or other employees, I think we ought to be frank enough to so provide in this bill that we may not lay ourselves open to criticism hereafter.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. BLANTON. That is the reason this language is put in this bill, to permit them to be without the operation of the Classification Act and to be able to pay the employees any amount the coordinator may want to pay. So when you strike this language out it means knocking out the limitations of the Classification Act under which the maximum salary is \$10,000.

Mr. HASTINGS. I hope the gentleman's construction is correct. I favor the amendment with that construction. If we vote this amendment and exorbitant salaries are fixed, we are responsible.

Now, with reference to the Civil Service law and in answer to the gentleman from Wisconsin: Here you have an act that was passed January 16, 1883. Let me read the provision of this act, for it has been misquoted all too frequently by every partisan paper in the District of Columbia.

This act says:

Third. Appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census.

That act was passed on January 16, 1883. In other words, it was passed 50 years ago.

Now, what I am contending for is that in the administration of this law it ought to be observed.

Mr. BOILEAU. Will the gentleman yield?

Mr. HASTINGS. Not now. I have only 1 minute left. I think the gentleman's State of Wisconsin is entitled to fair representation among the employees in the District of Columbia. I think the gentleman's State of New York is entitled to fair representation as well as the State of the gentleman from Michigan. I think every State of this

Union is entitled to its fair apportionment of Federal employees in accordance with the terms of the act of January 16, 1883, and I will bet you that no man here on this floor will dare go back to his district and tell them that they do not have competent men and women there to fill their quota. When and if you do, send me a clipping from your home paper for my scrapbook.

The pro forma amendments were withdrawn.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Texas for the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 33, noes 97.

So the substitute amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 42, noes 90.

So the amendment was rejected.

Mr. LANHAM. Mr. Chairman, I move to strike out the last two words for the purpose of asking the chairman of the committee a question.

I understand that this bill, as it passed the Senate, contained a provision which prohibited the cancelation of through routes over railroad lines except with the prior consent or approval of the coordinator. It is contended by some that many of the shorter lines would likely have to be abandoned unless they could participate in through traffic. I should like to ask for information what the provisions of the pending bill are with regard to this matter.

Mr. RAYBURN. If a railroad is acting under the coordinator, it cannot be done without the consent of the coordinator.

Mr. LANHAM. And if not acting under the coordinator, then it would be done according to existing regulations?

Mr. RAYBURN. In accordance with existing laws and regulations.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 3. The coordinator shall divide the lines of the carriers into three groups, to wit, an eastern group, a southern group, and a western group, and may from time to time make such changes or subdivisions in such groups as he may deem to be necessary or desirable. At the earliest practicable date after the coordinator shall have initially designated such groups, three regional coordinating committees shall be created, one for each group, and each committee shall consist of five regular members and two special members. The carriers in each group, acting each through its board of directors or its receiver or receivers or trustee or trustees or through an officer or officers designated for the purpose by such board, shall select the regular members of the committee representing that group, and shall prescribe the rules under which such committee shall operate; but no railroad system shall have more than one representative on any such committee. In such selection each carrier shall have a vote in proportion to its mileage lying within the group. The two special members of each committee shall be selected in such manner as the coordinator may approve, one to represent the steam railroads within the group which had in 1932 railway operating revenues of less than \$1,000,000 and the other to represent electric railways within the group not owned by a steam railroad or operated as a part of a general steam railroad system of transportation. Each such special member shall have reasonable notice of all meetings of his committee at which any matter affecting any carrier which he represents is to be considered, and may participate in the consideration and disposition of such matter. Members of the committees may be removed from office and vacancies may be filled in like manner.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: On page 32, in line 19, after the word "and", strike out "two special members" and insert in lieu thereof the following: "Four special members, two of whom shall represent the shippers and shall be selected by such method as the coordinator may prescribe."

Mr. RAMSPECK. Mr. Chairman, I am offering this amendment at the suggestion of the Atlanta Freight Bureau. This organization represents the shippers in my district, and they feel that the shippers ought to have representation on this coordinating committee, just as they had during the war when we had the railroads under the direction of a Director General of Railroads. The shippers had representation at that time, and they say it was very helpful to them.

I think if we are going to have control of our transportation system by this coordinator and by this regional committee, which is set up under section 3, we certainly ought to give the people who furnish the freight and pay the freight some representation in the decisions to be made, and I hope this committee will adopt the amendment.

Mr. BULWINKLE. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. BULWINKLE. Has the gentleman read section 9, which provides:

Any interested party, including, among others, any carrier, shipper, or employee, or any group of carriers, shippers, or employees, or any State commission—

And so on—

dissatisfied with any order of the coordinator may, at any time prior to the effective date of the order, file a petition with the Commission asking that such order be reviewed and suspended pending such review.

Does not that give sufficient representation?

Mr. RAMSPECK. I may say to the gentleman I do not think that serves the same purpose or gives them the necessary representation. These coordinating committees are going to make some very important decisions that are going to affect the shippers and their interests, and I cannot see any reason why these committees should not have shipper representation.

Mr. BULWINKLE. This is strictly a railroad proposition, and anything affecting the public interest goes before the coordinator and before the Interstate Commerce Commission and before the courts, if necessary, and they have every right that a shipper has now, and more.

Mr. RAMSPECK. But if they had representation on the committee they could avoid the necessity, in many, many instances, of going to the burdensome program of an appeal after an adverse decision has been made.

I hope the Committee will accept this amendment.

Mr. RAYBURN. Mr. Chairman, I will say to the gentleman from Georgia and to the Committee that if the House adopts this amendment it is going farther afield than the Congress has ever gone in regulating any public utility.

This section of the bill provides a way for the management of the railroads to set up their committees.

It would be a remarkable thing if we should wish on the management of the railroads somebody that has no interest in the property of the railroads and who in our opinion has no right to sit as representing the owners, as the gentleman from North Carolina has so well said. The interest of the shipper is well protected in this bill, and the shipper has his remedy. I trust that the Committee will not adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken, and the amendment was rejected.

Mr. EDMONDS. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the committee a question. Line 14, page 33, provides:

Members of the committees may be removed from office, and vacancies may be filled in like manner.

How are you going to remove them from office?

Mr. RAYBURN. They are to be removed in a like manner—those who elected them can remove them.

Mr. EDMONDS. The coordinator cannot remove them?

Mr. RAYBURN. No.

Mr. DEEN. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to revise and extend my remarks in connection with the bill, and include therein the names of several leading railroad companies, showing the salaries paid the presidents, and in addition to that some information furnished by the Reconstruction Finance Corporation which shows the names of 65 of the leading railroad companies which have secured loans from the Reconstruction Finance Corporation and the amount actually loaned, the amount paid back, and also the amount canceled.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DEEN. Mr. Chairman, in connection with the passage of this bill S. 1580, entitled "An act to relieve the existing national emergency in relation to interstate railroad transportation", it is of interest to note the schedule of salaries paid the presidents of some of the leading railroad companies in the United States.

	President's salary	
	1929	1932
The Atchison and Topeka Ry. system.....	\$75,000	\$67,500
Baltimore & Ohio system.....	125,000	120,000
Burlington system.....	60,000	60,000
Chesapeake & Ohio Ry. Co., the Hocking Valley Ry. Co., and Pere Marquette Ry. Co.....	100,000	90,000
Chicago & Eastern Illinois Ry. Co.....	50,000	45,000
Chicago & North Western Ry. system.....	75,000	61,000
Chicago, Milwaukee & St. Paul, and Pacific Ry.....	75,000	67,500
Delaware & Hudson Railroad Corporation.....	100,000	90,000
The Delaware, Lackawanna & Western R.R. Co.....	75,000	67,500
The Denver & Rio Grande Western R.R. Co.....	60,000	54,000
Erie R.R. system.....	75,000	67,500
Great Northern R.R. Co.....	90,000	60,000
Illinois Central system.....	100,000	90,000
The Kansas City Southern Ry. Co. and Texarkana & Fort Smith Ry. Co.....	50,000	45,000
Lehigh Valley Ry. Co.....	80,000	72,000
Minneapolis, St. Paul & Sault Ste. Marie Ry. Co.....	50,000	45,000
Missouri, Kansas & Texas R.R. Co.....	50,000	45,000
Missouri Pacific system.....	100,000	73,333
New York Central.....	100,000	80,000
New York, New Haven & Hartford Ry. Co.....	75,000	90,000
Norfolk & Western Ry. Co.....	75,000	67,500
Northern Pacific Ry. Co.....	50,000	50,000
Pennsylvania Railroad system.....	150,000	121,500
Rock Island system.....	66,000	57,750
Southern Ry. system.....	100,000	67,500
Southern Pacific Co.....	100,000	90,000
Union Pacific system.....	100,000	90,000

With the passage of this bill it is hoped that the coordinator will be instrumental in securing a lower schedule of salaries for high officials of railroads and a greater consideration for the thousands of laboring men connected with the railroads who make their existence possible. It is true that railroads have been handicapped by the appearance of trucks and busses and there ought to be specific regulations governing all common carriers, whether railroads or motor busses and trucks.

The greatest barrier to the progress of railroads is not the lack of business, nor the motor-transportation competition. It is freight rates. The structure of freight rates has been steadily climbing for the past 15 or 20 years. They are almost prohibitive at the present time. Industry and commerce have been at the mercy of the outrageous freight rates of railroad companies. A man in my district recently shipped a carload of goats from southern Georgia to New York. The freight was several dollars more than the price paid the shipper for his goats, whereupon the purchaser wired the shipper to wire or send him a certain amount of cash to pay the balance due on freight. The shipper wired that he could not send the cash but could ship him some more goats. This is a ridiculous situation, but it is representative of the unreasonable freight rates now in vogue. If this bill will correct this injustice and enable the producers and manufacturers to patronize the railroads, business throughout the country will take on new life and prosperity will be back again. A flexible schedule ought to be established so that railroad companies will not receive 2 and 3 times as much for hauling farm produce as the growers and shippers receive for the same produce. This will be real farm relief.

Mr. Chairman, I wish to submit some figures furnished me by the Reconstruction Finance Corporation, showing the number of railroads who have borrowed money from that Corporation and the amounts secured, also the purposes for which the loans were granted. Since the credit of the Federal Government is behind the Reconstruction Finance Corporation, I think the taxpayers will be interested in this information.

One hundred and nineteen loans aggregating \$377,639,426 were authorized to 65 railroads. Two million three hundred and eighty-three thousand three hundred and thirty-two dollars of this had been canceled or withdrawn, \$17,421,336.47 remained at the disposal of borrowers, and \$357,684,757.53 had been disbursed to them, of which \$20,523,340.60 had been repaid.

The proceeds of these loans were to be used for the following purposes:

For completion of new construction	\$48,545,483
For construction and repair of equipment and Dotsero Cutoff by Denver & Rio Grande Western Railroad	13,550,000
To pay interest on funded debt	91,507,981
To pay taxes	22,849,124
To pay past due vouchers for wages, materials, etc.	20,173,009
To pay principal of maturing equipment trust notes	28,861,342
To retire maturing bonds and other funded obligations	92,849,993
To pay loans from banks	37,793,900
To pay other loans	16,171,587
Miscellaneous	5,387,007

The loans authorized to each railroad, together with the amount disbursed to and repaid by each, are shown in the following table:

	Authorized	Disbursed	Repaid
Aberdeen & Rockfish R.R. Co.	\$127,000	\$127,000	
Alabama, Tennessee & Northern R.R. Corporation	275,000	275,000	
Alton R.R. Co.	2,500,000	2,500,000	
Ann Arbor R.R. (receivers)	634,757	634,757	
Ashley, Drew & Northern Ry. Co.	400,000	400,000	
Baltimore & Ohio R.R. Co.	71,625,000	68,739,978	
Birmingham & Southeastern R.R. Co.	41,300	41,300	
Boston & Maine R.R. Co.	7,569,437	7,569,437	
Buffalo-Union, Carolina R.R. Co.	53,960		
Carlton & Coast R.R. Co.	549,000		
Central of Georgia Ry. Co.	3,124,319	3,124,319	\$220,691
Central R.R. Co. of New Jersey	500,000	464,298	
Chicago & Eastern Illinois Ry. Co.	5,916,500	5,916,500	76,500
Chicago & North Western Ry. Co.	31,232,133	30,532,133	2,393,000
Chicago Great Western R.R.	1,289,000	1,289,000	
Chicago, Milwaukee, St. Paul & Pacific Ry. Co.	8,000,000	8,000,000	
Chicago, North Shore & Milwaukee R.R. Co.	1,150,000	1,150,000	
Chicago, Rock Island & Pacific Ry. Co.	13,718,700	13,718,700	
Cincinnati Union Terminal Co.	10,398,925	8,300,000	8,300,000
Columbus & Greenville Ry. Co.	60,000		160,000
Copper Range R.R. Co.	53,500	\$53,500	
Denver & Rio Grande Western R.R. Co.	7,350,000	4,374,100	500,000
Erie R.R. Co.	13,403,000	13,403,000	2,189
Eureka Nevada Ry. Co.	3,000		
Florida East Coast Ry. (receivers)	717,075	627,075	190,000
Fort Smith & Western Ry. (receivers)	227,434	227,434	
Fredericksburg & Northern Ry. Co.	15,000		
Gainesville Midland Ry. (receivers)	10,539		
Galveston, Houston & Henderson R.R. Co.	1,061,000		
Georgia & Florida Ry. (receivers)	354,721	354,721	
Green County R.R. Co.	13,915	13,915	
Gulf, Mobile & Northern R.R. Co.	520,000	520,000	290,000
Illinois Central R.R. Co.	6,363,000	6,346,333	33,333
Lehigh Valley R.R. Co.	6,500,000	5,500,000	
Maine Central R.R. Co.	2,550,000	2,550,000	
Maryland & Pennsylvania R.R. Co.	100,000	100,000	
Meridian & Bigbee River Ry. Co.	600,000		
Minneapolis, St. Paul & Sault Ste. Marie Ry. Co.	6,843,082	6,843,082	306,089
Mississippi Export R.R. Co.	100,000	100,000	
Missouri Pacific R.R. Co.	23,134,800	23,134,800	
Missouri Southern R.R. Co.	99,200	99,200	
Mobile & Ohio R.R. Co.	785,000	785,000	785,000
Mobile & Ohio R.R. Co. (receivers)	1,070,599	1,070,599	
Murfreesboro-Nashville Ry. Co.	25,000	25,000	
New York Central R.R. Co.	27,499,000	23,100,000	
New York, Chicago & St. Louis R.R. Co.	18,200,000	17,788,120	2,688,413
New York, New Haven & Hartford R.R. Co.	700,000		
Pennsylvania R.R. Co.	29,500,000	28,500,000	
Pere Marquette Ry. Co.	3,000,000	3,000,000	
Pittsburgh & West Virginia Ry. Co.	3,975,207	3,975,207	
Puget Sound & Cascade Ry. Co.	300,000	300,000	
St. Louis-San Francisco R.R. Co.	7,995,175	7,995,175	2,805,175
St. Louis Southwestern Ry. Co.	18,790,000	18,672,250	790,000
Salt Lake & Utah R.R. (receiver)	200,000	200,000	
Sand Springs Ry. Co.	162,600	162,600	
Southern Ry. Co.	14,751,000	14,751,000	
Tennessee Central Ry. Co.	147,700	147,700	
Texas, Oklahoma & Eastern R.R. Co.	108,740		108,740
Texas & Pacific Ry. Co.	700,000	700,000	
Texas South-Eastern R.R. Co.	30,000	30,000	
Tuckerton R.R. Co.	45,000	39,000	16,000
Wabash Ry. (receivers)	15,731,553	14,825,000	
Western Pacific R.R. Co.	4,366,000	4,366,000	1,303,000
Wichita Falls & Southern R.R. Co.	400,000	400,000	
Wrightsville & Tennille R.R. Co.	22,525	22,525	
Total	377,689,426	357,884,758	20,523,340

¹ Denotes amount canceled or withdrawn, instead of repayment. (Total cancellation, \$2,383,332.)

The Corporation has received information from the borrowing roads showing the following distribution by States of \$21,188,145.40 of the \$22,849,124 lent to pay taxes:

Alabama	\$450,920.56
Arkansas	1,761,773.52
California	103,879.73

Colorado	\$854,800.00
Delaware	15,000.00
District of Columbia	206.84
Florida	7,948.44
Georgia	873,804.59
Illinois	2,582,876.34
Indiana	424,330.15
Iowa	225,601.00
Kansas	1,255,075.84
Louisiana	485,000.00
Michigan	4,137,182.50
Kentucky	11,962.84
Minnesota	258,919.00
Mississippi	68,934.57
Missouri	1,516,384.01
Montana	12,058.09
New Jersey	2,863,532.45
New York	133,780.73
North Dakota	457,500.00
Ohio	175,419.71
Oklahoma	1,210,914.27
Pennsylvania	425,290.11
South Carolina	17,828.60
Tennessee	412,073.83
Texas	280,100.00
Virginia	2,047.69
Wisconsin	163,000.00

Federal income taxes amounting to \$25,994 were also paid by the borrowers out of money advanced for tax purposes.

The Clerk read as follows:

Sec. 4. The purposes of this title are (1) to encourage and promote or require action on the part of the carriers which will (a) avoid unnecessary duplication of services and facilities of whatsoever nature and permit the joint use of terminals and trackage incident thereto or requisite to such joint use, (b) control allowances, accessorial services and the charges therefor, and other practices affecting service or operation, to the end that undue impairment of net earnings may be prevented, and (c) avoid other wastes and preventable expense; (2) to promote financial reorganization of the carriers, with due regard to legal rights, so as to reduce fixed charges to the extent required by the public interest and improve carrier credit; and (3) to provide for the immediate study of other means of improving conditions surrounding transportation in all its forms and the preparation of plans therefor.

Mr. MAY. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Section 4, strike out the word "and" immediately preceding "(c)" and insert in the next line, between the word "expense" and the semicolon, a comma and the following: "or (d) results in the greatest reduction in freight and passenger rates consistent with the requirements of the Interstate Commerce Act, as amended by section 205 in this act, with respect to justness and reasonableness of rates."

Mr. MAY. Mr. Chairman, I understand the meaning of this section to be that it is an effort on the part of this committee—and I want to congratulate them for their splendid work in connection with the legislation—to enable the railroads to perform the greatest public service possible at the least cost and realize the greatest net return on their operation.

To my mind—and I think most Members of the House who have studied the question will agree with me—the most difficult thing the railroads have to contend with in the matter of income and earnings is the question of freight and passenger rates.

Mr. PARKER of New York. Will the gentleman yield?

Mr. MAY. Yes.

Mr. PARKER of New York. If the gentleman's amendment is adopted, it will absolutely preclude the coordinator from considering service.

Mr. MAY. Oh, no.

Mr. PARKER of New York. It will; and service is fully of as much account and importance as rates. There is no question in my mind that he can pay no attention at all to service.

Mr. MAY. I will say to my friend from New York [Mr. PARKER] that to my mind there is grave question as to whether the Interstate Commerce Commission has not been a detriment rather than a help to the railroads, and particularly by their arbitrary action for the last 20 years. They have literally handcuffed the railroads to a schedule of rates that makes it impossible for the shippers to patronize the

roads and thereby they have helped to destroy traffic rather than create and increase traffic. The law of legitimate competition under fair traffic practices has been destroyed and the very principle of competitive activity is what has developed our great system of railway transportation until it is the finest and best in the world. If the Commission were forced to release the shackles, they could then have some reasonable chance to compete with busses and trucks that run by multiplied thousands upon great Federal highways thousands of miles of which we are building every year.

The amendment will enable the coordinator, with the approval of the Interstate Commerce Commission, to do the very thing that this bill does not authorize him to do, namely, to regulate downward freight and passenger rates in this country which has not been done for 20 years. Of course, I realize that it may be argued here by the committee, if they oppose my amendment, which I think they ought not to do, that there are hearings pending before the Interstate Commerce Commission for that purpose now; but I undertake to say that some 2 months ago the Commission granted the privilege, as a test—and this is merely experimental legislation—to three southern railroads of reducing passenger rates for 6 months. The result of that is that they have increased their revenues, have had more traffic, and have improved the service. That will be the result of any scheme that the coordinator or the Commission may undertake under this legislation in authorizing a reduction in freight and passenger rates.

We talk about tariffs in the House of Representatives, and we condemn the Smoot-Hawley tariff and the Hoover-Grundy Tariff Acts, and I think they ought to be condemned, but the meanest tariff in the United States is the schedule of freight and passenger rates on railroads, and everybody knows it. The only purpose of my amendment is to authorize the Commission by express legislative mandate to lower these freight rates, if it becomes necessary to do so, and when you come to consolidating terminals and the facilities of railroads in the great terminals of the country it may become absolutely necessary, and I believe it will, that one railroad shall concede to another a portion of its rate or make some adjustment of rates, and under the present legislation they will have no power to do that, unless this amendment be adopted.

Mr. DUNN. Is this mandatory?

Mr. MAY. This is merely permissive. It expresses the will of Congress, to show that we want a reduction in rates. The press a few days ago charged me with having feelings about the matter. I have no feeling about it at all. I want to help the railroads, and I believe the greatest step toward helping them is to give them a reduction in freight rates.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. MAY. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MAY. I call attention to one schedule of freight rates particularly applicable to my section of the country, and I hope you will not think that I am hammering away particularly for my constituents in this, but what is true of rates on coal from southern fields to the lake ports is true of rates on oranges from Florida and fruits and vegetables from Texas and on steel and iron products from East to West. It is true everywhere.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. MAY. Not now. I put in the RECORD, on page 3908, on the 11th day of last February, a table furnished by the Interstate Commerce Commission of the present rates on bituminous coal in carload lots from the southern fields to the lake ports. In that table it is shown that the rate from Kentucky and West Virginia and Virginia to the lake ports, to Toledo, Ohio, is \$2.37 per ton. One Mallet engine will pull 150 cars of coal that will average 50 tons to the car, and some of them will average 70 tons to the car, and that means 8,000 tons of coal that will amount to \$20,000, and two train crews will do that in 15 hours. Yet the three railroads—the

L. & N., the Norfolk & Western, and the C. & O.—were denied permission to reduce these rates when they applied to the Interstate Commerce Commission for that right. I yield to the gentleman from Connecticut.

Mr. GOSS. If the gentleman's amendment is adopted, it has the effect of upsetting the decision of the Interstate Commerce Commission in the Lake Cargo Coal case. Is not that true?

Mr. MAY. No.

Mr. GOSS. The gentleman is legislating on the floor to upset a decision of the Interstate Commerce Commission.

Mr. MAY. It does not have the effect of upsetting the decision, because this is merely a legislative enactment; but I will say that the decision ought to be upset. Who ever heard of a case where the shipper, the carrier, and the consumers were all demanding a reduction and then it was refused?

Mr. GOSS. That is the point. The Commission made its decision, and now the gentleman comes on the floor with an amendment trying to upset their decision.

Mr. MAY. Such a judicial monstrosity ought to be upset. Probably a judicial perversion would be a more appropriate name.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. MAY. Yes; I yield to my colleague.

Mr. BROWN of Kentucky. If this is a legislative act, we do upset that decision; but I ask the gentleman if it will not be upsetting a decision in favor of the people back in his State and in the States of a great many other gentlemen here?

Mr. MAY. It will not only be that, but it will be in favor of the people of every section of this country and will set a precedent as to what the Congress of the United States means and what it wants on the question of freight and passenger rates. Freight and passenger rates are throttling business in every section of this country and every avenue of business. Freight rates have become so prohibitive that a carload of coal in my section of the country sells for \$10, and yet it costs \$180 to get it to the market. If that is not an obstruction to commerce, I do not know what it is. That is what we call "killing the goose that lays the golden egg." Everyone knows how essential it is that the value of railroad securities shall be preserved in order not only that the railroads may finance themselves but that investors in their stocks and bonds may be protected. The railroads are as essential to our business and commercial life as is the blood to the human system. When either is obstructed paralysis sets in, and that is just what has occurred to both business and commerce.

Mr. RAYBURN. Mr. Chairman, I told the House yesterday that I thought freight and passenger rates were both excessive, but surely upon the floor of the House is not the place to fix rates.

I call attention to page 53, section 205, paragraph 2, which I think entirely answers the gentleman from Kentucky [Mr. MAY]. That leaves with the Interstate Commerce Commission, as it is now, the question of fixing rates. If the gentleman is displeased with leaving the fixing of these rates with 11 men, after a hearing, surely he does not want to take it away from 11 men and give it to 1 man who is a temporary employee of the Government.

Mr. MAY. Will the gentleman yield for a question?

Mr. RAYBURN. I yield.

Mr. MAY. Section 15a of section 205 is an amendment, in a way, of the Interstate Commerce Act as it now exists?

Mr. RAYBURN. Yes.

Mr. MAY. It merely provides that when used in this section the term "rates" means rates, fares, charges, and all classifications, regulations, and practices relating thereto.

Mr. GOSS. Read the next section.

Mr. RAYBURN. Yes. Read the next one, section 2. I will read it in my own time.

In the exercise of its power to prescribe just and reasonable rates, the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic; to the

need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service.

I think that is a complete answer.

Mr. MAY. If the gentleman will yield, may I explain my purpose by saying that this bill as reported is the substitute bill of the House for the Senate bill, and at the time I prepared my amendment I had only the original draft of the bill that I do not think contained this clause.

Mr. RAYBURN. Oh, title II of this bill has been on the calendar during all of last session of Congress and the early part of this session of Congress.

Mr. MAY. I asked the legislative counsel to prepare this amendment, and it was prepared at this place.

Mr. RAYBURN. The gentleman was looking at the coordinator bill, I presume.

Mr. PARKER of New York. Even if the amendment offered by the gentleman from Kentucky [Mr. MAY] were adopted, it throws the decision right back to the Interstate Commerce Commission, because there would be appeals taken immediately.

Mr. RAYBURN. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. MAY].

The amendment was rejected.

Mr. COX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Cox: After the comma, following the word "use", in line 22, on page 33, add the following: "provided no routes now existing shall be eliminated except with the consent of all participating lines or upon order of the coordinator."

Mr. COX. Mr. Chairman, the bill as it passed the Senate carried this language. It was written in, in the interest of the short-line railroads of the country. You understand that these roads now enjoy the benefits of arrangements made as a result of agreements between the short-line roads, and in some instances upon the order of the Interstate Commerce Commission. If the established routes are interrupted, it will probably mean putting out of business altogether many of the short-line railroads in the country.

Mr. MAY. Will the gentleman yield there?

Mr. COX. In just a minute. The short-line railroad is a community interest, employing largely people of the vicinity, and are able to carry on because of these arrangements that have been made between them.

This simply serves as a restraint upon the regional committee in dealing with the short-line roads. It does not mean that they may defeat the will of the coordinator. It simply means that the committee cannot, of its own motion in the absence of an agreement between the short-line roads, abolish these routes that have been established. The coordinator may even, in the absence of agreement between the roads, order the routes abolished. In other words, it gives the coordinator the power to determine as to what shall be done.

I offer the amendment, Mr. Chairman, in the interest of the short-line roads. It was carried in the Senate bill and was written in for the express purpose of taking care of these neighborhood properties.

I now yield to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Is not one of the important features of the amendment offered by the gentleman from Georgia, the fact that it will stamp out and eliminate numerous small industries in the communities along the short lines, if the short lines are abandoned?

Mr. COX. That is true. The short-line roads serve these community enterprises, and if they are wiped out as a result of the action of the committee, under the influence of the big roads, it simply means a paralysis of the small industries that have been built up along and are served by the short-line roads of the country.

I hope the amendment will be adopted.

Mr. RAYBURN. Mr. Chairman, the committee considered this amendment, considered it with Mr. Eastman, a member of the Interstate Commerce Commission, sitting with us. He thought it was an undesirable amendment.

More than that, a representative of the short-line railroads was in my office this morning and told me that the bill we had reported to the House was entirely satisfactory to them. At the present time the shipper has a right to route his freight as he pleases, and he will have it after this bill is passed. The coordinator has no authority under this bill to abandon a line. That is the business of the Interstate Commerce Commission, under the act of 1920, and this does not change it.

Mr. COX. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COX. The gentleman observed the language in the amendment that has been offered, which gives the coordinator the power to work his will upon the situation? In other words, the amendment provides—

Mr. RAYBURN. It says "on agreement of the parties or"—

Mr. COX. "Or upon the order of the coordinator." Therefore the coordinator controls in the situation.

Mr. RAYBURN. I think the word "or" makes a difference.

As I say, the committee rather thinks it would be a dangerous proposition, and I do not think the Senate committee adopted it. I think it was one of those amendments which was accepted on the floor of the Senate.

I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

The Clerk read as follows:

SEC. 5. It shall be the duty of the committees on their own initiative, severally within each group and jointly where more than one group is affected, to carry out the purposes set forth in subdivision (1) of section 4, so far as such action can be voluntarily accomplished by the carriers. In such instances as the committees are unable, for any reason, legal or otherwise, to carry out such purposes by such voluntary action, they shall recommend to the coordinator that he give appropriate directions to the carriers by order; and the coordinator is hereby authorized and directed to issue and enforce such orders if he finds them to be consistent with the public interest and in furtherance of the purposes of this title.

Mr. BECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Beck: On page 34, line 17, strike out lines 17, 18, 19, 20, and 21 and insert the following: "he consider the matter in dispute and advise such carriers and committees as to his conclusions as to what should be done by the carriers in the matter in controversy to serve the public interests and promote the objectives set forth in section 4."

Mr. BECK. Mr. Chairman, I offer this amendment upon my own responsibility and without discussing the matter with anyone until within the last half hour. I have offered it for the purpose of challenging the attention of the Committee to the power herein given to the coordinator to "enforce" any order whatsoever in respect to the railroads, even though the subject matter of the order may refer solely to intrastate commerce, or to the financial set-up of an organization, or the reduction of its fixed charges, or the further employment or discharge of employees.

There seems to be a difference between two members of the very capable Committee on Interstate Commerce, of which I had at one time the honor, and was very proud, to be a member, as to what is the meaning of the words "that the coordinator shall enforce."

On the one hand, the gentleman from Connecticut [Mr. MERRITT] yesterday said that the coordinator would have no power to enforce any order except insofar as the prestige of his high office would insure a moral pressure upon the carriers to agree to whatever the coordinator might decide.

Upon the other hand, the gentleman from New York [Mr. PARKER] only half an hour ago emphasized the idea that the expression "enforce" had considerable teeth, because, possibly having it in mind, he said what I fear may be true, namely, that this coordinator will have greater powers than had ever before been vested in any public official in the whole history of our country. I do not pretend to quote his language exactly, but that was the substance of it.

In this connection I differ with him, because I think the coordinator will have two very close rivals in dictatorial powers, one the director under the economic recovery bill and the other the Secretary of Agriculture in respect of agriculture; but, certainly, the dictator of agriculture, on the one hand, and the dictator of the manufacturing industries, on the other, and now the dictator of the railroads, will, like Pompey, Crassus, and Caesar, divide the entire industrial field of America between them and exercise dictatorial powers not unlike the great triumvirate of ancient Rome.

The purpose of my amendment is simply this: I recognize that this bill is in many respects, an admirable bill, but I do think it is a mistake, following the prevailing fashion of creating dictators, to say that the coordinator over the carriers shall have the final decision and power of enforcement as to any matter, as to whether, for example, the carriers shall take on or discharge employees, whether they shall reorganize a railroad or whether they shall reduce the bonded indebtedness of a railroad. I say in any of these matters, if the carriers do not agree with the coordinator, to make him a dictator, not only decide the question in controversy but to enforce it. This, to my mind, is very doubtful wisdom. I am too old in years and too old-fashioned in my conceptions of government to favor the creation of such dictators.

Mr. TERRELL. Mr. Chairman, will the gentleman yield for a brief question?

Mr. BECK. I yield.

Mr. TERRELL. Does the gentleman feel that Congress, under the Constitution, can confer power upon this coordinator so affecting the rights of the individuals who own the railroads, that he may say that their property shall be destroyed in accordance with his dictation?

Mr. BECK. In reply to the gentleman from Texas, I think Congress has no such power, and I think that the first time the coordinator attempts to enforce a matter that is not within the scope of interstate commerce, he will find that the courts will say so, unless they have wholly lost courage. But I told the House some days ago that, having made one final plea for the sanctity of the Constitution, I was disposed in future to regard that as my "swan song" and, therefore, I do not base my objection upon constitutional grounds.

[Here the gavel fell.]

Mr. BECK. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BECK. I believe the coordinator ought to decide emergency questions that may arise in the present critical situation between the carriers whether they affect interstate or domestic commerce. I would, however, place the sanction of his decision upon the force of public opinion, because, if in this trying period of time the coordinator says that two carriers who differ between themselves as to what is necessary in the public interests, then the force of public opinion, together with the great coercive power of the Interstate Commerce Commission in respect to interstate railroads, will insure the enforcement of what the coordinator requests. But you give him in this bill the power to enforce. How? How is he going to enforce? If a railroad is ordered by the coordinator to discharge a thousand employees and the railroad declines to do so, can the coordinator walk into the railroad offices and strike the thousand men from the rolls of the company? If a carrier declines to reduce his fixed charges, can the coordinator go in and strike a pen through the mortgage and cancel or reduce the bonds to the particular amount that is required?

You are giving a single individual absolute power over every detail of railroad management and you are attempting to give him some vague power to enforce. How? If he goes into court, what is the court to decide? The court can only say that Congress made him the final judge of what the railroads should do in a matter that is nonpracticable.

Mr. HUDDLESTON rose.

Mr. BECK. I know what the gentleman is going to ask. See if I do not anticipate his question. The gentleman is going to ask whether there is not an appeal to the Interstate Commerce Commission, and I shall refer to that. That is true, but they are not a body of lawyers; they are not judges. As a matter of fact, and I have said it before, and I say it again, that it is a very debatable question whether the Interstate Commerce Commission has not done far more harm to the railroads than it has done good in its operations of 45 years.

But, be that as it may, nevertheless, will you trust to one man or to the whole Commission all the details of railroad management, some of which are beyond the field of Federal power, as my friend from Texas [Mr. TERRELL] called to the attention of the House in his inquiry a few minutes ago?

I do hope the Members will pause in giving such power to any man, however able; and the proposed coordinator, Mr. Eastman, is a very able man, a very high-minded man, and I am sure has nothing but the interests of the country at heart, which I acknowledge, but he is a very positive and aggressive man and a firm believer in the Government ownership of railroads; and when he sits as the dictator of the railroad destinies of this country, you may find a situation in which this last creation of dictatorial power in this emergency legislation will bring to the country the folly of it all, because there is no excuse, even in this emergency, to set up in a Nation that is supposed to have a "government of laws and not of men" the arbitrary rule of dictators. [Applause.]

Mr. RAYBURN. Mr. Chairman, the question that must be determined is whether or not you are going to have a coordinator, and the amendment of the gentleman from Pennsylvania [Mr. BECK] goes to the very heart of the matter. If you are going to have a coordinator in this emergency—and it seems that the shippers, the railroad owners, and, with the amendments in this bill, labor, are willing to have a coordinator—in section 4 of this bill is set out what this man is going to try to accomplish: "The purposes of this title are (1) to encourage and promote or require action on the part of the carriers" that will do certain things. Before this coordinator does anything to bring this about he cooperates with the committees named by the carriers, and I think in 90 percent of the cases they will come to an agreement. In some cases they will not be able to come to an agreement, and in that instance the coordinator is given the power to act, like the Interstate Commerce Commission has the power under the interstate commerce law to act now, and the bill gives this single individual an opportunity to do these things, if we want them done. If the House or the Committee determines it does not want a coordinator, that is one thing. I am not so keen for it myself. [Laughter.] But if you are going to have a coordinator, if you are going through with this gesture, in my opinion, then you will certainly get a mere gesture and nothing else, if you adopt the amendment of the gentleman from Pennsylvania. However, if you are going to have a coordinator with power to do something in this emergency that will relieve the situation, you have got to give him the power to act and the power to put into effect orders and to enforce such orders in a legal way.

Mr. COX. Will the gentleman yield there?

Mr. RAYBURN. Yes.

Mr. COX. What is the coordinator expected to do that holds promise of relief to the general public? That is what I want to know.

Mr. RAYBURN. Well, I think the public is not injured by this legislation. I think under the advice of the coordinator, in all probability, there will be some things done in transportation that ought to have been done years ago, and on his advice something will be done. Certainly, I believe the coordinator, with his advice and with his standing is going to be able to bring about some economies, will stop some waste, and in some degree, at least, will point the way to the time when the 100,000,000 people of the country may receive some benefit from it.

Mr. BECK. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. BECK. Let us view the thing concretely and suppose the regional committee is of opinion that the New York Central ought to absorb the Pennsylvania Railroad system and the coordinator reaches the conclusion that this is true. In the first place, is it a healthy power to allow one man—

Mr. RAYBURN. He does not have any such power, I will say to the gentleman. The coordinator has no power whatsoever over consolidations. That is left in the Interstate Commerce Commission where it has been since 1920.

Mr. BECK. I know my candid and always clear friend, if he reads this section in connection with the preceding section, will see that there is nothing that affects railroad management as to which the coordinator may not make an order and enforce it.

Mr. RAYBURN. I will say to the gentleman, that has been discussed by us and we intend to say in this bill, and do say, I am persuaded, as I said in my statement in explanation of it yesterday, that the coordinator has nothing to do with the consolidation of railroads and I do not think there is anything in the act that would specifically give him that authority. We do not intend it.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. HUDDLESTON. There is nothing of a permanent nature the coordinator can do whatsoever. This whole act discharges itself and ends at the end of 2 years by its very terms and nothing that can be done will extend beyond that period. Hence no dealing with corporate structure is possible under it.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. Beck].

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 7. (a) A labor committee for each regional group of carriers may be selected by those railroad labor organizations which, as representatives duly designated and authorized to act in accordance with the requirements of the Railway Labor Act, entered into the agreements of January 31, 1932, and December 21, 1932, with duly authorized representatives of the carriers, determining the wage payments of the employees of the carriers. A similar labor committee for each regional group of carriers may be selected by such other railroad labor organizations as may be duly designated and authorized to represent employees in accordance with the requirements of the Railway Labor Act. It shall be the duty of the regional coordinating committees and the coordinator to give reasonable notice to, and to confer with, the appropriate regional labor committee or committees upon the subject matter prior to taking any action or issuing any order which will affect the interest of the employees, and to afford the said labor committee or committees reasonable opportunity to present views upon said contemplated action or order.

(b) The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May 1933, after deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignation, but not more in any one year than 5 percent of said number in service during May 1933; nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment, by reason of any action taken pursuant to the authority conferred by this title.

(c) The coordinator is authorized and directed to establish regional boards of adjustment whenever and wherever action taken pursuant to the authority conferred by this title creates conditions that make necessary such boards of adjustment to settle controversies between carriers and employees. Carriers and their employees shall have equal representation on such boards of adjustment for settlement of such controversies, and said boards shall exercise the functions of boards of adjustment provided for by the Railway Labor Act.

(d) The coordinator is authorized and directed to provide means for determining the amount of, and to require the carriers to make just compensation for, property losses and expenses imposed upon employees by reason of transfers of work from one locality to another in carrying out the purposes of this title.

(e) Carriers, whether under control of a judge, trustee, receiver, or private management, shall be required to comply with the provisions of the Railway Labor Act and with the provisions of section 77, paragraphs (o), (p), and (q), of the act approved March 3, 1933, entitled "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto."

Mr. MARTIN of Colorado. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Section 7, page 37, beginning with the word "after" in line 3, strike out down to and including the figures "1933" in line 7.

Mr. MARTIN of Colorado. Mr. Chairman and Members, according to the CONGRESSIONAL RECORD this morning, the Economy Act got its face lifted yesterday over at the other end of the Capitol and came very near getting another portion of its anatomy lifted.

The operation, in my judgment, greatly improved its appearance, making it look almost human. I hope when the bill comes back to the House it will be treated as was the inflation amendment on the farm bill, the conferees being relieved by vote of the House of the responsibility of deciding what they are going to do about the Senate amendment to the Economy Act.

This bill also got its face lifted at the other end of the Capitol in an important respect, and that amendment has been incorporated in the House bill by the Interstate Commerce Committee. I hope with the aid of the operation of my amendment it will remain there. That is what is known as the "amendment to freeze labor", to prevent the wholesale discharge of employees when the act goes into operation.

From the reports drifting into Washington from all over the country it strikes me that the economy nose dive has about reached bottom. I think that spirit of optimism ought to be reflected in the labors of this Congress, and so far as I am concerned, I am willing to respond to it by voting to repeal the recapture clause of the Railroad Transportation Act of 1920, which required the railroad companies of the country to pay over to the Government some \$250,000,000 that they never have paid. But in exchange for that largess I think the railroad companies ought to lay off the idea that they are going to obtain remuneration for their extravagant waste in railway management at the expense of the railway employees of the country.

The Senate amendment I refer to is in the House bill. It is paragraph (b) of section 7 (a) and is a very short paragraph. It only took one semicolon to divide it into two parts. I am going to show you that it is susceptible of being divided into three parts, and one of these parts is very objectionable and may serve to throw the interpretation and operation of the whole paragraph in doubt.

Section (b) provides that—

The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May 1933.

That is a very clear proposition.

The last provision, after the semicolon, is equally clear. That reads as follows:

Nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment by reason of any action taken pursuant to the authority conferred by this title.

Somebody may say at this juncture, what are you kicking about, with two such plain propositions in the bill; but this is the thing which, in my judgment, may throw this whole matter into confusion and cause the Members of this House no end of worry and concern after the Congress adjourns if it is left in the labor provision. In the first paragraph it is provided, as I have stated, that the number shall not be reduced below the number shown by the pay rolls as employed in May 1933, and then continues:

After deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignations, but not more in any one year than 5 percent of said number in service during May 1933.

It is said there are something over a million employees left on the railroads of the country at this time. Under that language they could cut 5 percent of those employees off as soon as the act got into operation. Not only that, but this is a continuing power, because it provides that they shall not cut more than 5 percent off "in any one year", and that would be an increasing percentage of the number left. If they ditch 50,000 or 60,000 the first year, you would not

take 5 percent of what was left the next year, but you would always go back to the base period of May 1933 and cut off 5 percent more of the number of employees who were on the pay roll at that time.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. Yesterday in general debate one gentleman on the floor was making an argument against this whole provision. He thought it ought to go out, and he said that this law will be administered by human beings, and they no doubt will have sympathy with the railway employees of the country, the men working on the railroads. The gentleman very courteously permitted me to interrupt him. I suggested to him that a lot of us here voted for the Economy Act with that understanding, but it did not seem to be working out that way. The gentleman agreed and said no, it did not, but he said it is commencing to diverge in that direction.

Mr. Chairman, so far as I am concerned, I do not want any assurance of that kind, and I do not want any divergence in a direction; I want to arrive at the direction in this law. If we want to protect these railroad employees and prevent the railways of this country from discharging tens of thousands of them within 30 days after this Congress adjourns, let us nominate it in the bond; let us write it in the law. Gentlemen will remember the game we have been up against here until recently under the regulations of the Veterans' Economy Act about the threatened closing of hospitals and regional offices, and how, instead of being here attending to our duties on important legislation, we have been running in circles down around the War Department and the Veterans' Administration begging them not to cut off these regional offices and not to close these hospitals. We are confronted with the same proposition here, except that it is on a larger scale. Not only the railway employees will be concerned but all of your communities will be concerned in this legislation when they get ready to put into effect economies that will paralyze or wipe out or dry up little towns in your district and mine and cut employees out. You are going to have a continuing job on this bill after you get home. We have scared the veterans of this country to death, and we are backing up on that proposition. We have had time to learn something about it; we have had 3 months to see how the law would operate, and fortunately we have been here long enough to find out, and we are going to correct it. We were going to reorganize the Government by the act we passed 3 months ago, going to wipe out bureaus and consolidate departments and cut off thousands of employees. We are soft pedaling on the proposition now. We are now starting in to scare the railroad employees to death and put them up in the air, and we will not have any time to correct it if we make a mistake in this bill, because we will not have any 3 months before adjournment in which to learn about it and rectify it.

Mr. PARKER of New York. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. Yes.

Mr. PARKER of New York. The testimony before the committee showed that the natural decrease from death and retirement is 5 percent. That is why we put this in at 5 percent.

Mr. MARTIN of Colorado. Then why put it in if 5 percent are going to die and retire or get fired in a year? Why put it in the law? Why put this continuing proposition in here of 5 percent for every year hereafter on the basis of the average in May 1933?

Mr. PARKER of New York. The bill runs for only 2 years.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. Yes.

Mr. CONNERY. Do I understand the gentleman's idea is that after deducting the number who have been removed

from the pay rolls, if his amendment prevails, they would have to put men on in their places?

Mr. PARKER of New York. Yes.

Mr. MARTIN of Colorado. My idea is this. We have had to study this hastily, we never saw the bill until today. If my amendment prevails it will not authorize any deductions under the provisions of this act.

Mr. CONNERY. They will have to put other men to work?

Mr. MARTIN of Colorado. Absolutely.

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman may have 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut [Mr. Goss]?

There was no objection.

Mr. GOSS. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. GOSS. I want to make sure of a point, so that it does not go out to the country in a wrong light. I interpret this law to mean that the railroads can reduce their employees in any amount, regardless of the passage of this law. Is that true?

Mr. MARTIN of Colorado. They can do it.

Mr. GOSS. And they will be able to do it after the passage of this law, except where the coordinator orders it. Will the chairman of the committee answer that?

Mr. RAYBURN. As I understand the gentleman, if we do not pass this bill the railroads can discharge anybody they please?

Mr. GOSS. Yes. So that they can discharge them in either event.

Mr. MARTIN of Colorado. When they start to do that they will have somebody else to argue with other than the coordinator.

Mr. RAYBURN. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. RAYBURN. Does the gentleman understand that this bill specifically provides that no act of the coordinator shall result in discharging anybody from employment? That is exactly what the bill provides. I want to say to the gentleman further that he may be a better representative of labor than the gentlemen who are paid here to represent them, and who in my association with they have shown themselves to be very able men, and they agree to this language.

Mr. MARTIN of Colorado. Yes. I understand that railway labor agreed to this proposition as it reads now, because as was stated yesterday on the floor, this was the best proposition they could get; but, in my judgment, they can get a better proposition, and that is to cut out any ambiguous or doubtful language that is now in this bill.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. HUDDLESTON. Four of the heads of the internationals called to see me the other day and said they wanted this bill passed; that it protected their interests, and that without this bill a reduction of employees would occur. This is for their protection and not against it.

Mr. MARTIN of Colorado. And if I sat down with those four gentlemen this morning and went over this bill with them and pointed out some of these things, perhaps they would agree with me, too.

Mr. HUDDLESTON. May I say further that they were represented by one of the best lawyers in the United States, who drew this particular provision, Mr. Richberg. Does the gentleman think he is more competent to deal with this matter than the man I have named?

Mr. MARTIN of Colorado. No; I would not for a moment pit myself, legally or in any other way, against Mr. Richberg; but if you want to freeze railway labor and keep it where it is, you do not need that proposition in there. When you strike it out, you will have this bill absolutely clear and understandable. It is clearly a concession of some kind. It must be intended to subserve some purpose other than

to relieve the railway companies of the necessity to replace employees who drop out in the natural order.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has again expired.

Mr. CROSSER. Mr. Chairman, in passing on the amendment offered by the gentleman from Colorado there is one consideration which must not be overlooked. The gentleman from Alabama [Mr. HUDDLESTON] correctly stated that the representatives of all the railway labor organizations of the country approved section 7 of the bill exactly as it appears in the bill. He is correct in saying that Mr. Richberg was really the one who drafted the amendment. Section 7 was very fully discussed with the President of the United States and he approved it. Now, if we wish to make sure of the provisions contained in section 7 of the pending bill and which are so valuable to railway labor, if we wish to make sure that the bill including these provisions so valuable to labor receives the approval of the President, then it is the part of wisdom on the part of the friends of labor to accept the section as it appears in the bill. I think that we would be jeopardizing the interests of labor by disregarding the agreement reached by the President, the representatives of all the railway labor organizations, and others. Section 7 as it now stands and as agreed upon gives labor very broad protection. I want to make sure that the measure will be approved by the Chief Executive.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, after listening to the distinguished gentleman from Ohio and the distinguished Chairman of the Committee on Interstate and Foreign Commerce, I dislike to oppose the committee on this amendment, but it seems to me that by passing the amendment offered by the gentleman from Colorado [Mr. MARTIN] we will put men back into the jobs of men who have retired or died. It does not seem to me it will do much harm to the bill or much harm to the railroads to put another man back in a job where a man has died.

Mr. CROSSER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CROSSER. I think the President felt we were going the very limit if we took the normal decrease in number due to death and resignations, in offering this freezing amendment.

Mr. CONNERY. I really do not see how it is going to do the railroads any harm, and this is putting men to work. Putting men to work is certainly a laudable ambition. When a man dies you should fill his place.

Mr. CROSSER. But that was the feeling of the President, I am sure, that we could not go much farther, safely, at this time.

Mr. CONNERY. I believe you are not going far enough. I am with the gentleman from Colorado [Mr. MARTIN] when he says that the labor representatives of the brotherhoods will naturally take what they can get, but if somebody offers an amendment on this floor that gives them a little more, I do not think they will object to that, and I do not think the amendment which the gentleman has offered will kill the bill with the President.

Mr. MAY. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. MAY. Is this bill satisfactory to organized labor?

Mr. CONNERY. I understand it is absolutely satisfactory to organized labor. I talked with the representatives of the brotherhoods, and they said it was satisfactory to them and that the gentleman from Ohio [Mr. CROSSER], and the gentleman from New York [Mr. MEAD] would probably offer amendments which they would favor.

Mr. RAYBURN. I may say to the gentleman that when we pass this bill, railroad labor is in a much better position than it is today.

Mr. CONNERY. Oh, I agree with the gentleman, except that I see a chance with this amendment, offered by the gentleman from Colorado, to do even a little better for labor.

Mr. HUDDLESTON. Is the gentleman not willing to leave it to their representatives?

Mr. CONNERY. The gentleman knows as well as I do, when after Mr. Green of the American Federation of Labor has come before the Labor Committee and said, "I am for this bill", if on the floor of the House somebody offers an amendment which would be greatly beneficial to labor, that Mr. Green would not oppose it.

Mr. RAYBURN. Suppose the amendment were worse for the country?

Mr. CONNERY. No amendment that benefits labor can be bad for the country. It is not bad for the country to put another man to work when a man dies. It is good for the country.

Mr. RAYBURN. What if there is no money to pay it?

Mr. CONNERY. There is not much money involved there.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. O'MALLEY. The adoption of the amendment of the gentleman from Colorado would make possible the employment of 5 percent more men than if it were not adopted?

Mr. CONNERY. Yes; it would. It would put men to work in the place of those who die or retire.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. GOSS. Subsection (b) of section 7 says that the number of employees in the service of a carrier shall not be reduced by reason of the action taken pursuant to the authority of this title of the bill.

I still contend, if I can read the English language, that there is nothing in the operation of this title of the bill that will prevent a railroad from laying off its employees other than those coming under the authority of this title. I should like to get this point straightened out.

Mr. RAYBURN. There is not any question in the world.

Mr. GOSS. Is not that true?

Mr. RAYBURN. Certainly.

Mr. GOSS. So, under this section they are going to be able to lay them off anyway.

Mr. CONNERY. It seems to me, then, after what the chairman has said, that if we have affirmative language in the bill telling the coordinator we do not want these men laid off, that we are doing something at least to help to remedy the present situation.

Mr. WOOD of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. WOOD of Missouri. Of course, railroad labor is for this section?

Mr. CONNERY. Yes.

Mr. WOOD of Missouri. Does not the gentleman think there is some danger of getting a bill so good for labor that it may be defeated?

Mr. CONNERY. No; I do not think so.

Mr. WOOD of Missouri. The gentleman knows we had a good bill in our Labor Committee, but it was so good it did not come out.

Mr. CONNERY. I think the gentleman knows that our 30-hour week bill did not come before this House because we applied it to foreign imports; and if the gentleman will notice in today's paper, the Senate Finance Committee yesterday put in an amendment on the industrial recovery bill which will allow the President to put an embargo on foreign products, thereby showing we were correct in what we put in that bill.

Mr. WOOD of Missouri. The railroad labor organizations are agreeable to this section. This is the reason I do not think we ought to disturb it, because if we disturb it, it might have the effect of defeating the legislation.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WOOD of Missouri. The only suggestion I care to make to the gentleman from Massachusetts is that if we attempt to tamper with these sections which the railway labor organizations are agreeable to, I fear it will have the effect of endangering passage of the whole bill. This is the only objection I have.

Mr. CONNERY. I do not think it will have that effect on the bill. If I did I would not be for it.

I think we can amend it by adopting the amendment of the gentleman from Colorado and still pass the bill.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. COX. Much has been said about protecting the interest of users of railway properties and protecting the interest of labor. Can the gentleman inform the Committee who, in the writing of this bill, represented the users of the services that the railroads render?

Mr. CONNERY. The Chairman of the Interstate and Foreign Commerce Committee can advise the gentleman more about that than I, but I figure that if we are going to repeal the recapture clause and make the railroads a present of some \$300,000,000 or \$400,000,000, it would be advisable—

Mr. RAYBURN. If I may interrupt the gentleman, we are not going to make the railroads a present of any such amount.

Mr. CONNERY. What is the effect of it, then?

Mr. RAYBURN. We are simply admitting that we cannot collect an impossible debt.

Mr. CONNERY. That is one way of putting it, but the railroads get the present just the same. Anyway we are taking away \$400,000,000 from the disabled ex-service men of the United States. That is a debt the Government owed that the Government should not repudiate. I do not want to mix that issue up with this, but I do not see any harm to come from this amendment—I see a benefit to labor—and I shall vote for it. [Applause.]

The CHAIRMAN (Mr. WILSON). The question is on the amendment offered by the gentleman from Colorado.

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado and Mr. O'MALLEY) there were—ayes 34, noes 60.

So the amendment was rejected.

Mr. COX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Cox: At the end of the section add the following: "Provided, That the provisions of this section shall not apply to independently owned and operated steam or electric railroads, commonly called short lines, which had in 1932 railway operating revenues of less than \$1,000,000."

Mr. COX. Mr. Chairman, this is another amendment offered in the interest of short-line railroads of the country.

We know the short-line railroads are having their difficulties just the same as the large railroads. Under existing conditions it is almost impossible for them to keep going. We know that the short-line railroads serve largely agricultural communities. These communities now are unable to buy the services that the railroads render because of the high rates already in existence.

If you apply to the short-line railroads the provisions of section 7 of this bill, you will put them out of business altogether.

The business of the short-line roads is largely seasonal. It is the hauling of cotton, of grain, of vegetables and fruits, seasonal operations. During the busy seasons these short-line roads employ the people of the vicinity, of the neighborhood, and when the volume of business decreases, in order to keep going, they must let the seasonal labor go.

I submit, Mr. Chairman, that if you put upon these short-line roads all this Labor Committee machinery that is provided for in this bill and lay upon them the restrictions that will be imposed if this amendment is not adopted, it means

that you eliminate them from the transportation business of the country.

Mr. Chairman, this amendment ought to be adopted and every Member of this House, if from agricultural sections and familiar with the conditions of agriculture and with the plight it is in, and has been in since 1923, and who is acquainted with the service the short lines render, the character of business it accommodates, the people who are the most interested in it, ought to vote for this amendment, because otherwise the short-line roads might as well fold their tents and cease striving.

Mr. CROSSER. Mr. Chairman, I rise in opposition to the amendment.

If we adopt the amendment of the gentleman from Georgia, we may just as well strike out the section altogether.

In the first place, the term "short-line railroad" is so indefinite that it may mean almost anything. If you are opposed to class legislation, then you should vote against the amendment of the gentleman from Georgia. The amendment proposes to apply one principle, one rule to one class of railroads and another to a different class. The real effect of the amendment would be to prevent workmen from acting unitedly through freely chosen representatives in negotiating or arranging the terms and conditions of the employment of such workmen. After a long struggle the railway labor organizations secured legislation making it certain that labor may freely choose its own representatives to negotiate with their employers as to the terms and conditions of employment. This amendment would, to a great extent, interfere with the right to exercise that right.

Mr. COLE. Will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from Maryland.

Mr. COLE. The gentleman is familiar with the fact, but I call his attention to it so the committee may be advised. Mr. Jones, representing 71 percent of the American short-line railroads of the country, appeared before the committee and approved, in substance, this legislation.

Mr. CROSSER. Absolutely. Mr. Jones, representing 71 percent of what are called "short-line railroads", approved this bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. O'MALLEY. If the principle established in this bill is any good at all, it has to be applied universally in order to work it out.

Mr. CROSSER. It must be applied universally if it is to amount to anything at all.

Mr. O'MALLEY. If we have to make exceptions, the principle in the bill will be worth nothing at all.

Mr. CROSSER. That is quite true. I am very strongly in favor of this section. It makes certain that we shall have free and independent representation for employees as well as for employers to carry on negotiations for the settlement of terms of employment or the settlement of labor disputes.

Mr. COX. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. COX. Is the gentleman familiar with the operations of the short-line railroads of this country?

Mr. CROSSER. To some extent; yes. I am not a railroad man, but I have familiarized myself with them to some extent.

Mr. COX. Does not the gentleman know that if you were to impose these restrictions upon the roads, their operation costs would be so great they could not continue to go on?

Mr. CROSSER. I do not think so, and the best answer I can give is that Mr. Jones, the representative of the short lines, endorses the bill, and he ought to know what he is talking about.

Mr. MILLIGAN. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. MILLIGAN. Are not the short-line railroads today carrying this burden?

Mr. CROSSER. Yes.

Mr. COX. Oh, the gentleman must surely know that the short-line railroads have not entered into martial relationship with labor as the larger railroads have done, and as is being

sanctioned in the main by the provisions of the pending bill.

Mr. CROSSER. This bill does not change the situation to any extent, and let me call attention to the fact that if any railroad is to receive a benefit from the repeal of the recapture clause as provided in the second title of the bill, it is the short lines. I do not feel, therefore, that the short lines have much to complain about. We must maintain the principle in general or it will be more or less meaningless. If we believe in the principle of negotiating collectively, let us vote against the amendment of the gentleman from Georgia. Let us make it absolutely certain that men may group themselves together and freely choose representatives for the purpose of negotiating decent terms and conditions of employment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

Mr. TAYLOR of South Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TAYLOR of South Carolina: Page 37, line 22, strike out subsection (d) in its entirety.

Mr. TAYLOR of South Carolina. Mr. Chairman, I should like to amend the amendment by striking out all after the word "for" on page 37, line 24, and also the first word on page 38, or that part of the provision applying to property losses. With all deference to the committee and their splendid work, I cannot see why the country should bear this loss.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment offered by Mr. TAYLOR of South Carolina: Page 37, line 24, after the word "for", strike out the words "property losses and."

Mr. TAYLOR of South Carolina. Mr. Chairman, if I understand this provision, it undertakes to compensate parties having to move, by operation of this law, from one locality to another.

I can readily see why the Government or the railroads proper should bear the cost of a man and his family, for instance, but I cannot understand any equity that would require the railroads to underwrite the losses of a man in the selling or the disposition of his property incident to his moving.

I simply offer this as a matter of equity, and I hope the committee will accept the amendment.

Mr. CROSSER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from South Carolina [Mr. TAYLOR].

It is assumed by the gentleman in his argument that there is no basis in reason for compensating persons for loss of property resulting from the removal of railway shops and offices from places where they have heretofore existed. This assumption is entirely erroneous. It would be agreed, of course, that if a person's property were taken by public authority for public purposes compensation must be made. If, for example, a man's residence were to be located on a street which makes possible easy access from a street to the man's house, and if public authority for any reason were to cut the street in front of the house of the person in question 10 or 15 feet below the original level, the owners of the house would be entitled to compensation, of course.

Mr. TAYLOR of South Carolina. I would say that he would be entitled to compensation.

Mr. CROSSER. Everyone is guaranteed that his property cannot be taken for public purposes without just compensation. The owner of the house which we have taken for illustration had adjusted himself to the existing order of things, and justice requires that he be protected against the invasion of rights which he may have acquired by reason of his adjustment to the prevailing order.

Practically every reason that can be advanced to justify compensating a person whose property may have been taken

by condemnation proceedings applies with equal force in favor of compensating persons the value of whose property has been destroyed by the removal of railway shops and offices from places where they had been located and where persons establishing residences had reasonable ground to believe the shops and offices in question would continue. The property rights destroyed in these cases are as valuable and often more so than is property the value of which has been destroyed by the change of a street or highway as suggested.

In a case like the one at Palestine, Tex., where the municipality issued bonds in the sum of \$300,000 to procure money to pay as a bonus to the railroad for establishing shops and offices, everyone agrees that the property rights which would be destroyed by the removal of railway shops and offices should be paid for. The only difference between that particular case and the more common case where railway shops have been established without specific contract with the municipality is that in the former case the obligation of the railroad was expressed in a formal way, whereas in the ordinary case it is fair to argue that there was an implied obligation on the part of the railroad to continue its shops or to compensate those whose property may have been destroyed by the removal of the same. My contention is that the people who have established their homes in a place where railway shops have been located have adjusted themselves to the social order there existing, and that it would be unfair and unjust to destroy property rights which have been acquired depending on that order. We hear much from time to time about the sacred rights of property, but it seems to me that there can be no more sacred type of property than that which a person may have acquired as a result of weaving his life into the life of the community which has been established because of the existence and assumed continuance of business arising from the presence of railway shops and offices. We must remember, too, that a railway company has the right to condemn property on the theory that it is for the public benefit. It is fair to contend, therefore, that if they are to be allowed to destroy property values on the theory that it is for the public good, they must pay the damage caused by destroying those values.

Some people seem to think that the only thing that constitutes property is so much dirt or other material which can be seen and touched. In truth, the most valuable property is of an intangible nature. I say that people who have been induced by a railroad company to settle in a community and who have spent most of their lives there have acquired property rights, and if they should be destroyed they ought to be compensated for them.

I want to call the gentleman's attention to the President's statement during the last campaign—I think in Salt Lake, when he was discussing this subject. He spoke of the different factors involved in a railway system. He said that one factor is the physical property of the railroads, the owners of the securities constitute another, and the third is the human element required to operate the railroads, which is just as important—yes, much more important than the others.

Mr. TAYLOR of South Carolina. I should like to say to the gentleman that I do not appear here to help any class of wealth or anything, but I am here as a special representative of labor—the human element. I am interested in the people of my section. Down there they were not given any consideration when the depression came. They were put out of their work and lost their homes by judgment of the court.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. LOZIER. Mr. Chairman, I ask unanimous consent that his time be extended for 1 additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LOZIER. Is it not true that this bill marks a revolution in transportation, and that it disturbs a social order

or social system that has been established upon the theory that these railroads were separate entities?

Mr. CROSSER. Exactly.

Mr. LOZIER. And would never be consolidated or coordinated.

Mr. CROSSER. That is the point that I was trying to make clear.

Mr. LOZIER. And is it not true that when you adopt a revolutionary system, in the period of transition it is the function and duty of the State to conserve the rights which have been established as a result of the old social order?

Mr. CROSSER. That is what I was trying to make clear.

The CHAIRMAN (Mr. WILSON). The question is on the amendment offered by the gentleman from South Carolina. The amendment was rejected.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for 1 minute out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McKEOWN. I do this in order to call the attention of gentlemen in the House to the fact that the bill H.R. 5834, the amendment to the Bankruptcy Act, is available, with the report. The bill will probably be called up on Monday under suspension of the rules.

The Clerk read as follows:

SEC. 9. Any interested party, including, among others, any carrier, shipper, or employee, or any group of carriers, shippers, or employees, or any State commission, or the Governor of any State, or the official representative or representatives of any political subdivision thereof, dissatisfied with any order of the coordinator may, at any time prior to the effective date of the order, file a petition with the Commission asking that such order be reviewed and suspended pending such review, and stating fully the reasons therefor. Such petitions shall be governed by such general rules as the Commission may establish. If the Commission, upon considering such petition and any answer or answers thereto, finds reason to believe that the order may be unjust to the petitioner or inconsistent with the public interest, the Commission is hereby authorized to grant such review and, in its discretion, the Commission may suspend the order if it finds immediate enforcement thereof would result in irreparable damage to the petitioner or work grave injury to the public interest, but if the Commission suspends an order, it shall expedite the hearing and decision on that order as much as possible. Thereupon the Commission shall, after due notice and a public hearing, review the order and take such action in accord with the purposes of this title as it finds to be just and consistent with the public interest, either confirming the order or setting it aside or reissuing it in modified form, and any order so confirmed or reissued shall thereafter remain in effect until vacated or modified by the Commission.

Mr. EDMONDS. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS: Page 39, line 3, after the words "State commission", insert "or commercial organization."

Mr. GOSS. Mr. Chairman, I make the point of order that it is not germane to this section of the bill.

Mr. EDMONDS. Mr. Chairman, this amendment merely allows commercial organizations that have traffic committees to attend these hearings as they do at present before the Interstate Commerce Commission. I can see no reason why it is not germane to the bill.

Mr. MILLIGAN. This provides that any interested parties can attend these hearings. A commercial organization would be an interested party.

Mr. EDMONDS. Commercial organizations having these associations in this way would be able to represent one or two hundred people before the Commission instead of having 40 or 50 of them go to the expense of coming down here.

Mr. MILLIGAN. The organization itself in that case would be an interested party.

Mr. EDMONDS. Mr. Chairman, I do not want to say anything further on the subject. I hope the committee will accept the amendment, because it makes plain what I said this morning, and is included in a letter from the Philadelphia Chamber of Commerce, which does not understand it the way the gentleman from Missouri states.

Mr. HUDDLESTON. Mr. Chairman, I have no authority to accept the amendment. I really do not think it is necessary. I think it is already included, but I have no objection to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend the remarks I made this morning.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

SEC. 13. It shall further be the duty of the coordinator, and he is hereby authorized and directed, forthwith to investigate and consider means, not provided for in this title, of improving transportation conditions throughout the country, including the ability, financial or otherwise, of the carriers to improve their properties and furnish service and charge rates which will promote the commerce and industry of the country and including, also, the stability of railroad labor employment and other improvement of railroad labor conditions; and from time to time he shall submit to the Commission such recommendations calling for further legislation to these ends as he may deem necessary or desirable in the public interest. The Commission shall promptly transmit such recommendations, together with its comments thereon, to the President and to the Congress.

Mr. MEAD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Page 42, line 17, after the word "conditions", strike out the semicolon and add the words "and relations."

Mr. MEAD. Mr. Chairman, I have neither offered nor supported any amendments which might be termed "alien" to this legislation. This amendment which I seek to have adopted now was considered by the House committee. It was approved by the Senate committee and made a part of the Senate bill. In the minds of some it may not be necessary; in the minds of others it might not seem important. At any rate, its adoption should not disturb any of the Members who are interested in the bill. In my judgment the word "relations" contemplates more and is broader in its scope than the word "conditions." This contemplates the human element in the industry. President Roosevelt in his Utah speech, made during the recent campaign, explained the three important elements that go to make up this great industry. He explained that the cars, the tracks, and the locomotives, and so forth, made up the physical elements; the bondholders and stockholders made up the financial element; but that by far the most important element was the human element, which comprised both the employees and the management of the roads.

My amendment deals with this all-important element. Permit me to say, Mr. Chairman, that this legislation creating a coordinator will prove to be a study and an investigation of the entire transportation industry. Much good will result from the work that will be accomplished. The problem will be nearer solution when this legislation comes to its end. The value of this legislation to the future of this country will be improved by the addition of the amendment which I have sent to the desk.

When we enacted the industrial-control legislation, we approved a new concept in the social order. Prior to that the Government held it was its duty to safeguard property rights and to afford protection to the people. We now recognize another duty of government. That duty is to see that every worker has a job, that he not only enjoys the right to live but the right to employment as well.

This all-important human element in the transportation industry should be given every proper consideration in this measure. Their mighty contribution would, in my judgment, aid in the solution of the vexing problems confronting this industry. The adoption of the word "relations", adding it to the word "conditions", will permit of this closer relationship between management and employee. It will develop a dual responsibility and make for a higher efficiency in the operation of our transportation lines. It considers

the community of interest between all the forces concerned in this great enterprise.

While I have been supporting the committee and have opposed the adoption of amendments not heretofore considered, I think the adoption of this proposal, approved as it was by the Senate committee, will strengthen the bill. Its application by the coordinator will result in much improvement in the efficiency and management of our railroads. Let the employees participate in the counsels of the roads and they will vindicate the confidence we have in them.

I hope the committee will accept the amendment.

Mr. RAYBURN. Mr. Chairman, the committee, after some consideration, realizing that this amendment would be in conference if we struck it from the Senate bill, felt that the word "relations" was such a broad word, indefinite in a way, that it might cover a great many things. We thought it ought to go over for further consideration and conference with the Senate committee. If a reasonable suggestion can be made as to why it is necessary, I am sure the House committee would accept it. However, the committee feels at this time, as I have just stated, that it is such a broad word and that we do not know just exactly what it means, or what was in the minds of the Senate committee and the Senate when it was passed, that it should be left for further consideration. The committee would like very much to see this amendment not put in the bill today, so that we may have the benefit of conversation with the Senate committee on it; and if it appears to be necessary, if it appears to be the just and right thing to do, I think the House committee would agree to it, but we do not know what it means, frankly, and I do not think anybody else can very well determine what it means.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. CLARKE of New York. Why is not the word "conditions" inclusive of the word "relations"? They are complementary in language.

Mr. RAYBURN. That is the view which the House committee took.

The CHAIRMAN (Mr. HILL of Alabama). The question is on the amendment offered by the gentleman from New York [Mr. MEAD].

The question was taken; and on a division (demanded by Mr. MEAD) there were ayes 42 and noes 49.

Mr. O'MALLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. RAYBURN and Mr. MEAD to act as tellers.

The Committee again divided; and the tellers reported there were ayes 66 and noes 39.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 17. This title shall cease to have effect at the end of 1 year after the effective date, unless extended by a proclamation of the President for 1 year or any part thereof, but orders of the coordinator or of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority, but notwithstanding the provisions of section 10, no such order shall operate to relieve any carrier from the effect of any State law or of any order of a State commission enacted or made after this title ceases to have effect.

Mr. EDMONDS. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS: On page 44, line 17, after the word "by" in line 17, strike out "a proclamation of the President for 1 year or any part thereof" and insert in lieu thereof "Congress."

Mr. EDMONDS. Mr. Chairman, we have been passing quite a large number of bills in the House, in which the President is given authority to extend the operation of certain laws by proclamation. There is, of course, in these bills always an opportunity to say that Congress will not be in session and therefore the President should have that power. With regard to this bill we cannot say 1 year from now that Congress will not be in session or that Congress cannot investigate as to whether it is advisable to continue this act.

Therefore I think we should reserve to ourselves the right to consider what has happened up to that time and have it reported back to Congress for us to act upon.

I do not understand that the gentlemen here wish to give away all their rights to the President. Certainly here is an opportunity by which we can ourselves decide whether this legislation has been successful or whether it is necessary to continue it for a longer time.

Mr. PARKER of New York. Mr. Chairman, I rise in opposition to the amendment. This is an administrative bill. It is not a legislative bill. We are conferring authority on the President to do certain things. If it is going to be thrown back into Congress, it means we must pass an entirely new act. If the act is good from a legislative standpoint, the President should have the power to continue it for another year.

Mr. EDMONDS. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. EDMONDS. We do not have to pass a new act at all. We simply pass an act continuing this act.

Mr. PARKER of New York. That is better still, then.

Mr. EDMONDS. But there may be some changes a year from now that we would be glad to make in this act when we find out how it is working.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. EDMONDS]. The amendment was rejected.

The Clerk read down to and including line 17 on page 52.

Mr. RAYBURN. Mr. Chairman, I offer a committee amendment. At the beginning of line 6, on page 50, insert a quotation mark.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 206. (a) All moneys which were recoverable by and payable to the Interstate Commerce Commission under paragraph (6) of section 15a of the Interstate Commerce Act, as in force prior to the enactment of this title, shall cease to be so recoverable and payable; and all proceedings pending for the recovery of any such moneys shall be terminated. The general railroad contingent fund established under such section shall be liquidated and the Secretary of the Treasury shall distribute the moneys in such fund among the carriers which have made payments under such section, so that each such carrier shall receive an amount bearing the same ratio to the total amount in such fund that the total of amounts paid under such section by such carrier bears to the total of amounts paid under such section by all carriers; except that if the total amount in such fund exceeds the total of amounts paid under such section by all carriers such excess shall be distributed among such carriers upon the basis of the average rate of earnings (as determined by the Secretary of the Treasury) on the investment of the moneys in such fund and differences in dates of payments by such carriers.

(b) The income, war-profits, and excess-profits tax liabilities for any taxable period ending after February 28, 1920, of the carriers and corporations whose income, war-profits, or excess-profits tax liabilities were affected by section 15a of the Interstate Commerce Act, as in force prior to the enactment of this act, shall be computed as if such section had never been enacted, except that, in the case of carriers or corporations which have made payments under paragraph (6) of such section, an amount equal to such payments shall be excluded from gross income for the taxable periods with respect to which they were made. All distributions made to carriers in accordance with subdivision (a) of this section shall be included in the gross income of the carriers for the taxable period in which this act is enacted. The provisions of this subdivision shall not be held to affect (1) the statutes of limitations with respect to the assessment, collection, refund, or credit of income, war-profits, or excess-profits taxes or (2) the liabilities for such taxes of any carriers or corporations if such liabilities were determined prior to the enactment of this act in accordance with section 1106 (b) of the Revenue Act of 1926 or section 606 of the Revenue Act of 1928, or in accordance with a final judgment of a court, an order of the Board of Tax Appeals which had become final, or an offer in compromise duly accepted in accordance with law.

Mr. BROWN of Kentucky. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Brown of Kentucky: On page 54, line 24, after the word "carriers", insert "except that any railroad owing money due to or to become due to the Reconstruction Finance Corporation or any other agency of the United States Government shall pay in full said indebtedness before being entitled to the distribution of the aforesaid fund."

Mr. BROWN of Kentucky. Mr. Chairman, section 206 is the section under which you are proposing to pay back to the railroad some \$15,000,000 that has been collected under the so-called "recapture clause."

As has been stated by the chairman of the committee, it is a practical impossibility to collect all the money due by the railroads under this section of existing law, but we now have in our hands approximately \$15,000,000, I understand. Some of these railroads owe to the Reconstruction Finance Corporation in excess of \$300,000,000. We have \$15,000,000 in our hands, yet under this section we propose to pay to them that \$15,000,000 before they settle their indebtedness to the Reconstruction Finance Corporation.

My amendment provides that any railroad that owes the Reconstruction Finance Corporation or any other agency of the United States Government money due or to become due shall not share in this distribution until such railroad has paid its indebtedness.

Mr. PARKS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. PARKS. I fully agree with the gentleman's statement, but that is the law now.

Mr. BROWN of Kentucky. Will the gentleman show me some section which says that is the law?

Mr. RAYBURN. It comes under the scope of the general law. The general law covers that, as the Government sets off funds in the Government's hands belonging to any railroad which is in default on its debt.

Mr. BROWN of Kentucky. Of course, I shall be glad to admit that I do not know all the statutes that have been passed by the United States Government or by the States, and if I did know them all, they might repeal all the laws I ever knew, but I wish the gentleman would tell me under what law this set-off is authorized to be made on loans that are not yet due.

Mr. RAYBURN. I cannot remember the citation at the present time.

Mr. BROWN of Kentucky. I believe when it is investigated it will be found there will be no set-off on loans that are not yet due.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. DOBBINS. Is it not also true that this recapture fund is held by one agency of the Government while these loans were made by another agency of the Government?

Mr. BROWN of Kentucky. Unquestionably it is true.

Mr. MILLIGAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. MILLIGAN. I think the gentleman will find that the recapture fund is held by the Treasurer of the United States.

Mr. BROWN of Kentucky. I grant that. All that is true, but under this law the Treasurer of the United States will be authorized to pay this \$15,000,000 and pay it out to these railroads who now owe the Reconstruction Finance Corporation millions of dollars in excess of this amount. This simply safeguards the taxpayers.

Mr. PARKER of New York. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. PARKER of New York. Does the gentleman realize this money does not belong to the Federal Government, but belongs to the railroads themselves? It was put up to create a revolving fund. It cannot be appropriated by the Federal Government inasmuch as the Federal Government did not appropriate the money originally.

Mr. BROWN of Kentucky. Granting that all that is true, this \$350,000,000 the Reconstruction Finance Corporation loaned them last year did belong to the United States Government, and we are holding \$15,000,000 of their money that we can now set off against that \$357,000,000. However, if you want to give them this money, then give it. The \$357,000,000 was taxpayers' money.

Mr. PARKER of New York. That is not the point; this is not taxpayers' money at all.

Mr. BROWN of Kentucky. The \$357,000,000 we loaned them last year was taxpayers' money.

Mr. PARKER of New York. That is true.

Mr. BROWN of Kentucky. This is their money in our hands that we can set off against this loan if we choose to do it.

Mr. COLE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. COLE. Is it the gentleman's idea that because a few of the railroads of the country were good enough, we might say, to comply with this law and pay in \$15,000,000, approximately, they should be punished now and not have their money, while other roads that did not pay in anything are in no way affected?

Mr. BROWN of Kentucky. Are we exacting from them one penny other than what they owe? Is it punishment to have a man pay his honest debts? If it is, then we will be punishing them.

Mr. COLE. Let them pay it hereafter.

Mr. BROWN of Kentucky. It has been the rule until now that the Government gets its share hereafter. For once in history I would like the Government to get now a part of the money owing to it.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. McFARLANE. It has been stated that in the matter of this set-off the general law will apply. If that be true let us adopt this amendment and then we will know what will be done.

Mr. BROWN of Kentucky. Certainly it cannot hurt anything.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. COOPER of Ohio. The gentleman knows the Government could not use this money as a set-off against money the railroads have borrowed from the Federal Government.

Mr. BROWN of Kentucky. If the Congress of the United States says it shall be used as a set-off as proposed in my amendment, it can certainly do it. If you pass this bill without this amendment we cannot do it. That is the purpose of the amendment.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. TRUAX. It has been stated that the Government could use this as an off-set against money the railroads owe the Government.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, as I stated yesterday in my remarks, the Interstate Commerce Commission in three reports have advocated the repeal of section 15a, the recapture clause, from the beginning.

We had long and exhaustive hearings on this matter. There was not a witness who appeared there who in any way opposed the repeal of the recapture clause in its entirety.

As I stated, the Interstate Commerce Commission three times has said it is unworkable. Mr. Chairman, the railroads advocated its repeal.

The shipper organizations unanimously recommended its repeal, and the short-line railroads especially are vitally interested in the repeal of this provision, and they are located in every section of the country.

Labor organizations appeared before the committee, both the brotherhoods and the representatives of the American Federation of Labor, and asked for the repeal of 15 (a) ab initio.

Now, I say that these little railroads are vitally interested in this \$10,000,000 that has been paid in. Why? Only one so-called rich railroad paid any appreciable amount into this fund. More than \$4,000,000 of this amount, with the accumulated interest, belongs to the poorer railroads. As I called to the attention of the House yesterday, one railroad, in the

district of the gentleman from North Carolina [Mr. KERR], a little railroad down there that is owned by the town. Of course, it has not been during the last 7 or 8 years, but during their fat times they took money from their funds and paid it into this particular fund, and the railroad and the little town are desperately in need of money now. This is true with reference to every one of these poor, little starving short-line railroads, that are feeders to the great railroads and that serve little communities. They are as vital to the economic life of the little communities as the Pennsylvania Railroad is to the great coal fields and iron mines of the State of Pennsylvania, and when you pass this amendment you are penalizing the class of railroads in the United States that need this money above every other class of railroads in the land, and you are not applying it as far as the \$357,000,000 is concerned, that has never been paid in.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. BROWN of Kentucky. The gentleman contended just a moment ago that the law already provided for just what my amendment does.

Mr. RAYBURN. I said they "could."

Mr. BROWN of Kentucky. If these railroads are bankrupt and owe the Government or the Reconstruction Finance Corporation some money—

Mr. RAYBURN. I do not think there are many of them that have been able to qualify to get a loan.

Mr. BROWN of Kentucky. But if they are bankrupt and they do owe the Government some money, does not the gentleman think that this amount of money we now have in our hands ought to be set over against the amount they owe?

Mr. RAYBURN. I say we ought to treat all the railroads alike. Those that owe the \$361,000,000 and have not paid I think should be treated exactly like the little roads that did not think they were strong enough to resist the Government and therefore paid money into this fund.

Mr. PARKER of New York. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. PARKER of New York. I want to call the gentleman's attention to the fact that the railroads that have borrowed the large sums of money from the Federal Government through the Reconstruction Finance Corporation are not the roads that have paid in one dollar of recapture funds.

Mr. RAYBURN. That is true.

Mr. TERRELL. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. TERRELL. If these little, poor, weak railroads have not borrowed any money from the Government, they will not be hurt, and if they have borrowed some money, why should they not pay it before we give this money back to them?

Mr. RAYBURN. Why should we not ask the big railroads to pay this \$361,000,000?

Mr. TERRELL. We have not that money in our possession. Let us get what we can.

Mr. RAYBURN. I disagree with the gentleman.

Mr. BOYLEAU. Will the gentleman yield?

Mr. RAYBURN. Yes.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may have 1 additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BOILEAU. Is it not a fact that the practical operation of this amendment would be to have the \$15,000,000 applied to the indebtedness of the railroads—

Mr. RAYBURN. It is not \$15,000,000 but \$13,000,000. Ten million dollars has been captured and it has earned \$3,000,000 in interest; and a further answer is that if these railroads were able to borrow money from the Reconstruction Finance Corporation the Government holds their securities and the money is not due.

Mr. BOILEAU. But the small railroad companies will be treated just as well as the larger railroad companies, because this amount would be applied on their debt and would reduce their indebtedness that much.

Mr. RAYBURN. It would do that; but the debt is not yet due, and they need this money between now and the time when the debt becomes due; and let me state again that the Reconstruction Finance Corporation, under the law, is not supposed to lend money to a railroad that does not have adequate collateral.

Mr. BOILEAU. At the time they secured the loans from the Reconstruction Finance Corporation they did not anticipate getting this money, so they could not be in any way prejudiced.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. BROWN].

The question was taken; and on a division (demanded by Mr. McFARLANE) there were—ayes 27, noes 76.

So the amendment was rejected.

Mr. SABATH. Mr. Chairman, I move to strike out section 206.

The Clerk read as follows:

Mr. SABATH moves to strike out section 206.

Mr. SABATH. Mr. Chairman, when in 1920 the so-called "Esch-Cummins bill" was before the House this provision, which aided and made possible the great increase in the railroad rates, was inserted to make possible the passage of that bill. We were then assured that the weaker railroads would be the beneficiaries—that it would aid the smaller railroads which could not operate profitably.

The act was passed, and the railroads started immediately to increase the rates with the sanction and approval of the Interstate Commerce Commission. For years they collected these increased rates that were permissible under that act. They have collected millions upon millions from the people of the United States, and the great majority of people thought it was only fair, feeling that they were aiding in that way the smaller and poorer roads.

A few of the small roads did pay in under the recapture clause about \$10,000,000, but all of the big roads, on one pretext or another, refused to pay. Today they owe the Government, I think, nearly \$300,000,000; and that notwithstanding all the money they have collected as the result of the increased rates during these years. Now, I think it is manifestly unfair, on the one hand, to enact legislation permitting the railroads to levy higher rates, and on the other hand, after 10 years and after the railroads have collected millions of dollars, to say that that legislation was unwise and allow them to retain all the excess profits they have collected, amounting, as I have said, to millions and millions of dollars.

How anyone will be able to justify voting for the repeal of the recapture clause is something I do not know. I think that the title of this measure ought to read: "A donation of \$361,000,000 to the poor railroads controlled by the poor J. P. Morgan & Co." It is indeed remarkable how these financial magnets, who control the railroads, and who in this bill have the right and the power to merge and consolidate, can create sentiment in the Nation and in the House for legislation that they desire.

This provision made it possible for them ever since 1920 to obtain not only high freight rates but high passenger rates as well. If an honest compilation could be had as to what these increased rates amounted to during the last 12 years, I venture to say it would run into billions of dollars—I say billions, not millions. Yet, notwithstanding that fact, it is claimed that the railroads are "broke." I fully realize the condition of the railroads at present. If they were not in deplorable shape they would not have received \$350,000,000 from the Reconstruction Finance Corporation. If they are "broke"—and no doubt many of them are—it is not because the rates are low but because the railroads have been grossly mismanaged and mulcted by the railroad manipulators, who not only have drawn millions of dollars in sal-

aries, as I am reliably informed, but have made millions of dollars on the purchase of rolling stock and other contracts.

But I realize that no matter what proof I submit today this amendment will carry and that once more these destroyers will be the beneficiaries.

I sympathize with the little roads that are not owned by the big railroads. But I rather think that before long we shall hear that these little roads are owned by the rich railroads—railroads whose officials have been fleecing the people and the Government for many years, and who have been paying their officers salaries of \$150,000 a year, although these worthies have squandered, through the manipulation of stocks and through various privileges and contracts they have entered into, millions of dollars of the railroads' money.

I feel that this section should be eliminated; then let us see what will happen later on. I believe that we should put an end to this kind of legislation and to such practices whereby the railroads are losing money, as they claim they are, and yet paying their presidents \$120,000 to \$150,000 a year as salaries.

Mr. RAYBURN. Mr. Chairman, the same arguments that applied to the amendment offered by the gentleman from Kentucky [Mr. BROWN] apply here.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. SABATH].

The question was taken; and on a division (demanded by Mr. SABATH) there were 33 ayes and 80 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 208. Paragraphs (f) and (g) of such section 19a, as amended (U.S.C., title 49, sec. 19a (f), (g)), are amended to read as follows:

"(f) Upon completion of the original valuations herein provided for, the Commission shall thereafter keep itself informed of all new construction, extensions, improvements, retirements, or other changes in the condition, quantity, use, and classification of the property of all common carriers as to which original valuations have been made, and of the cost of all additions and betterments thereto and of all changes in the investment therein, and may keep itself informed of current changes in costs and values of railroad properties, in order that it may have available at all times the information deemed by it to be necessary to enable it to revise and correct its previous inventories, classifications, and values of the properties; and, when deemed necessary, may revise, correct, and supplement any of its inventories and valuations.

"(g) To enable the Commission to carry out the provisions of the preceding paragraph, every common carrier subject to the provisions of this act shall make such reports and furnish such information as the Commission may require."

Mr. GOSS. Mr. Chairman, I move to strike out the last word. Does the gentleman from Texas think that this paragraph can be carried out in view of the curtailment in the appropriation for the revaluation work of the Commission?

Mr. RAYBURN. We are curtailing the valuation work of the Commission by this bill. The act provides that the Interstate Commerce Commission after it completes its valuation shall keep the valuation up to date. That is impossible. They started out 4 years ago to bring the accounts up to current. They have not got them up yet.

Mr. GOSS. And yet we reduced the appropriation?

Mr. RAYBURN. We provide in this that they shall not apply, but that the Commission shall from time to time look after additions and betterments, and things like that that may be added, but that they shall not be forced to keep this current.

Mr. GOSS. So that in reality with a reduced appropriation the work will not be of much value.

Mr. RAYBURN. I am afraid not.

The Clerk concluded the reading of the bill.

The CHAIRMAN. The question is on the committee substitute.

The substitute was agreed to.

The CHAIRMAN. Under the rule the Committee will rise. Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 1580, and pursuant to House Resolution 169 he

reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Chair announced the vote.

Mr. COLLINS. Mr. Speaker, I object to the vote upon the ground that there is no quorum present.

Mr. RAYBURN. Mr. Speaker, I make the point of order that the gentleman's point of order comes too late.

Mr. COLLINS. I was on my feet seeking recognition.

The SPEAKER. The point of order is overruled. The gentleman from Mississippi makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and sixty-five Members present; not a quorum.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 50 minutes p.m.) the House adjourned until Monday, June 5, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

85. Under clause 2 of rule XXIV, a letter from the Comptroller General, transmitting report and recommendation to Congress concerning the claim of the Western Union Telegraph Co. against the United States Government, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on the District of Columbia. H.R. 4324. A bill to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes; with amendment (Rept. No. 196). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD (by departmental request): A bill (H.R. 5903) to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes; to the Committee on Indian Affairs.

By Mr. DOUGHTON: A bill (H.R. 5904) to validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes; to the Committee on Ways and Means.

By Mr. BURNHAM: A bill (H.R. 5905) to amend Public Law No. 425, Seventy-second Congress, providing for the selection of certain lands in the State of California for the use of the California State park system, approved March 3, 1933; to the Committee on the Public Lands.

By Mr. ELTSE of California: A bill (H.R. 5906) to amend title 1 of an act entitled "An act to maintain the credit of the United States Government", as amended; to the Committee on Expenditures in the Executive Departments.

By Mr. KNUTSON: A bill (H.R. 5907) authorizing Joseph Mirau, his successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River, at or near Lake Winnibigoshish; to the Committee on Interstate and Foreign Commerce.

By Mr. GRAY: A bill (H.R. 5908) to repeal an act entitled "An act to maintain the credit of the United States Government"; to the Committee on Expenditures in the Executive Departments.

By Mr. MITCHELL: A bill (H.R. 5909) to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district; to the Committee on the Judiciary.

By Mr. WILSON: A bill (H.R. 5910) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended; to the Committee on Flood Control.

By Mr. HOWARD (by departmental request): A bill (H.R. 5911) to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof; to the Committee on Indian Affairs.

Also (by departmental request), a bill (H.R. 5912) for the benefit of Navajo Indians in New Mexico; to the Committee on Indian Affairs.

By Mr. HARLAN: A bill (H.R. 5913) to amend the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. SUMNERS of Texas: Resolution (H.Res. 172) authorizing the payment of expenses for conducting the investigation authorized by House Resolution 163; to the Committee on Accounts.

By Mr. ROBERTSON: Resolution (H.Res. 173) to create a committee on wild life; to the Committee on Rules.

By Mr. KOPPLEMANN: Resolution (H.Res. 174) to investigate the expediency of a gross-income tax as a substitute for the net-income tax, and for other purposes; to the Committee on Rules.

By Mr. MITCHELL: Joint resolution (H.J.Res. 194) to provide for the designation of a highway from Sault Ste. Marie, Mich., to Fort Myers, Fla., as a memorial to the late President and Chief Justice William Howard Taft; to the Committee on Roads.

By Mr. KNIFFIN: Joint resolution (H.J.Res. 195) to provide for the designation of a highway from Sault Ste. Marie, Mich., to Fort Myers, Fla., as a memorial to the late President and Chief Justice William Howard Taft; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 5914) for the relief of Paul Alawishes Traynor; to the Committee on Naval Affairs.

Also, a bill (H.R. 5915) granting a pension to Laura B. Perley; to the Committee on Invalid Pensions.

By Mr. DOUGHTON: A bill (H.R. 5916) to authorize the Secretary of the Treasury to execute an agreement of indemnity to the First Granite National Bank, Augusta, Maine; to the Committee on World War Veterans' Legislation.

By Mr. GILLETTE: A bill (H.R. 5917) for the relief of E. E. Heldridge; to the Committee on Claims.

By Mr. KOPPLEMANN: A bill (H.R. 5918) for the relief of John S. Carroll; to the Committee on Naval Affairs.

By Mr. LUDLOW: A bill (H.R. 5919) granting an increase of pension to Susan M. Griffin; to the Committee on Invalid Pensions.

By Mr. MOTT: A bill (H.R. 5920) granting a pension to Matilda E. A. Hornback; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5921) for the relief of the heirs of Hugh L. P. Chiene; to the Committee on Claims.

By Mr. WEST of Ohio: A bill (H.R. 5922) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mary Squires; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1273. By Mr. ANDREWS of New York: Petition of Erie County (N.Y.) American Legion, giving the President power of universal draft in time of war; to the Committee on Foreign Affairs.

1274. By Mr. DeROUEN: Petition of F. J. West and others, citizens of Jennings, La., urgently requesting the passage of Senate bill 1142, by Mr. SHEPPARD, at this session of Congress; to the Committee on Agriculture.

1275. By Mr. JOHNSON of Minnesota: Petition of certain citizens of Zumbrota, Minn., urging the passage of House bill 4940; to the Committee on the Post Office and Post Roads.

1276. By Mr. RUDD: Petition of Chamber of Commerce of the State of New York, favoring the passage of the bankruptcy bill, H.R. 5009; to the Committee on the Judiciary.

1277. Also, petition of the Chamber of Commerce of the State of New York, favoring a sales tax as a revenue for national industrial recovery; to the Committee on Ways and Means.

1278. Also, petition of the Chamber of Commerce of the State of New York, favoring the retention of the gold standard; to the Committee on Banking and Currency.

1279. Also, petition of the Chamber of Commerce of the State of New York, with reference to the high cost of Government construction; to the Committee on Ways and Means.

1280. By Mr. TRAEGER: Petition of the Board of Supervisors of the county of Los Angeles, State of California, dated April 12, 1933, to amend the Reconstruction Finance Corporation Act so that work-relief projects may be provided for worthy unemployed residents who own homes or farms or equities therein; to the Committee on Labor.

1281. Also, petition of the Council of the City of Los Angeles, State of California, dated May 23, 1933, urging that every local agency now administering relief money, contributed in whole or in part, by any agency of the Federal Government, shall deal with the stricken individual through an application for rehabilitation, and that this application shall permit of a specific request for a 20-year Federal loan at low interest rate to be used for the actual construction of a home; to the Committee on Banking and Currency.

1282. Also, petition of the Assembly and the Senate of the State of California, dated January 26, 1933, relative to memorializing Congress and the legislatures of the several States of the Union to cooperate in the program for a belated recognition of the people of the United States of the services rendered the Nation by volunteers who fought the War with Spain, the Philippine insurrection, and the China relief expedition; to the Committee on Pensions.

SENATE

MONDAY, JUNE 5, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion by Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of June 2 and 3 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Caraway	Long	Sheppard
Austin	Clark	McCarran	Thomas, Okla.
Bachman	Duffy	McNary	Thompson
Barbour	Erickson	Murphy	Townsend
Black	Frazier	Overton	Trammell
Borah	Hebert	Patterson	Vandenberg
Bratton	Johnson	Pope	Van Nuys
Bulkley	Kendrick	Robinson, Ark.	White